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NEWS SUMMARY

GENERAL

Embassy rebels demand $50m

Guerrillas holding about 60 people, including 14 ambassadors, in the Dominican embassy in Bogota, Colombia, seek the release of 311 prisoners and are demanding a ransom of $50m.

The rebels, who belong to the April 19 movement, also demanded withdrawal of security forces surrounding the embassy.

The ambassadors were seized as they arrived for celebrations to mark the Dominican Republic's national day. **Page 4**

Schmidt backing

West German Chancellor Helmut Schmidt came out publicly in support of President Carter's "extraordinarily statesmanlike" handling of the Tehran hostages crisis and the Afghanistan invasion. **Back page**

Reagan 'setback'

Ronald Reagan's drive for the U.S. Republican Party's Presidential nomination could be stalled by lack of funds, says George Bush's national political director. **Page 4**

Windscale ruling

Government's chief nuclear inspector said no immediate action is necessary to prevent radio-active water leaking from the Windscale factory in Cumbria. **Page 8**

West Bank move

Israel plans a big expansion this year of the Jewish settlements on the occupied West Bank. **Back Page**

Iran 'violations'

UN commission in Tehran investigating Iran's grievances against the deposed Shah said it would reveal to what "unimaginable lengths" human rights were violated.

U.S. aid plan

U.S. plans to provide Oman, Somalia and Kenya with military aid of up to $100m.

Kelly inquest

Police officers involved in the inquest on Merseyside labourer James Kelly are to be represented by George Carman, QC, who defended Jeremy Thorpe

Transplant order

Leicestershire coroner Michael Charman ordered tighter control on transplant surgery because a schoolgirl's heart was removed without his authority.

Killer jailed

Basque guerrilla Miguel Saraqueta was jailed for 41 years for killing three Spanish policemen in a San Sebastian bar one year ago.

TV award

Controversial Yorkshire Television documentary on Rampton mental hospital won the Royal Television Society's award for investigative journalism.

Children burned

Police in East Ham, London, issued a warning after seven children suffered burns when a man hurled phosphorus at them in a school playground.

Briefly . . .

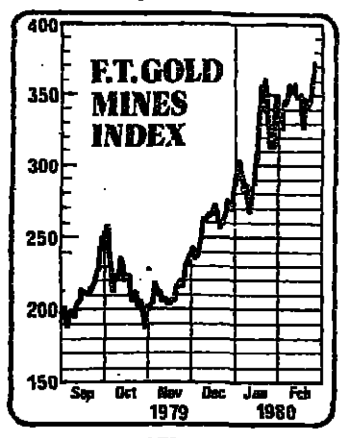
Eighteen people were hurt when a train hit buffers at Newcastle upon Tyne.

Dense fog blanketed many English counties making driving dangerous. **Weather, Back page**

BUSINESS

Equities up 8.7; Sterling steady

● **EQUITIES** advanced further, and the FT 30-share index closed 8.7 up at 469.1. **GOLDS**



rose 21.0 to 372.0, the highest level since July, 1975.

● **GILTS were encouraged by reassuring expectations of PSBR. The Government Securities Index was up 0.03 at 65.34.**

● **STERLING** *remained steady*, **closing 25 points down at $2.2850. Its trade weighted index was 73.1 (73.2). DOLLAR was firmer, closing at DM 1.7630 (DM 1.7585). Its index was unchanged at 86.1.**

● **GOLD eased $1 in London, to close at $641.5.**

● **WALL STREET was up 2.90 at 858.02 just before the close.**

MONEY required by industry to finance stocks and fixed investment has risen sharply. **Back Page**

MINISTRY of Defence and the Scottish Office are expected to overspend their cash ceilings in the current financial year. **Back Page**

● **BRITAIN'S** trade deficit with the Netherlands rose last year by 43 per cent from £268.6m to £383.7m. **Page 5**

● **RADICAL** reform of taxation of private persons' income and expenditure in Denmark may have major repercussions on the bond market. **Page 29**

● **FIRST** Japanese investment in North Wales has been announced by Hoya, an opthalmic lens manufacturer, which is to set up a £1m laboratory in Wrexham. **Page 8**

HAWKER SIDDELEY is making its first major outright purchase in the U.S. through a £43.9m cash offer for Fasco Industries. **Back Page**

SHELL and Esso are to develop their Central Cormorant oilfield in the North Sea through an underwater production system. **Page 6**

TATE AND LYLE is to partner Johnson and Johnson, the U.S. health care group, in developing and marketing a new range of products, including sweeteners. **Page 24**

LABOUR

UNIONS representing 42,000 manual workers with British Gas have rejected a pay offer of 15-18 per cent. Negotiations will resume on March 10.

● **BUILDING** and civil engineering workers in the construction industry have been offered a 14 per cent pay rise. **Page 8**

COMPANIES

● **CAMPARI** International announced pre-tax profits for the seven months to December down from £852,245 to £745,904. **Page 24**

MASSEY-FERGUSON reports first-quarter operating net income up to $18.7m (£8.17m) from $6.6m (£2.88m). **Page 28**

● **TOYOTA** South Africa, the country's only quoted motor manufacturer, increased profits last year from R3.06m (£1.64m) to R4.68m (£2.50m). **Page 30**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 8½pc '87-90	£72¾	+ ½
Excheq. 12pc 13-17	£89¾	+ ½
Burton	126	+ 5
Carpets Intnl.	29	+ 2½
Dale Elec.	92	+ 6
Electrocomponents	530	+ 12
Finlay (J.)	89	+ 5
Fisons	295	+ 8
General Accident	240	+ 14
Great Portland	240	+ 12
Hawker Siddeley	190	+ 12
Howard Tenens	79½	+ 4½
Hunting Asscd.	370	+ 10
ICI	400	+ 10
Lee Cooper	297	+ 9
Mothercare	238	+ 10
Ntnl. Carbonising	127	+ 6
Nottingham Mnfg.	89	+ 7
Piccadilly Theatre	94	+ 10
Pilkington	230	+ 7
Racal Elec.	224	+ 8
Stanhope Gen.	165	+ 31
Vickers	144	+ 18
Siebens (UK)	890	+ 42
Anglo Amer. Gold	£40¼	+ 2
CRA	310	+ 14
Cons. Gld. Fld. Aust.	405	+ 50
Cultus Pacific	39	+ 9
Doornfontein	721	+ 65
East Rand Props.	£14½	+ 1¾
Geevor Tin	225	+ 25
Gold Fields of SA	£41½	+ 2½
Hartebeest	£30½	+ 1⅝
Kinross	623	+ 55
Kloof Gold	£15⅞	+ 1¼
Lennard Oil	95	+ 13
Ventersport	700	+ 77
FALLS		
Clive Discount	50	− 17
Union Discount	350	− 15
Viking Oil	930	− 50

West Germans and Swiss act to raise interest rates

BY KEVIN DONE IN FRANKFURT and JOHN WICKS IN ZURICH

West Germany and Switzerland took sharp action yesterday to increase interest rates in moves intended to stabilise the value of their currencies and curb inflation.

The two moves extend the round of interest rate tightening carried out in the U.S., Europe and Japan this month. The measures raise the cost of capital in both countries and are intended to prevent any further rise in the dollar.

The relative recent strength of the dollar has been a significant factor in raising the cost of imports in both countries, where inflation is running at about 5 per cent.

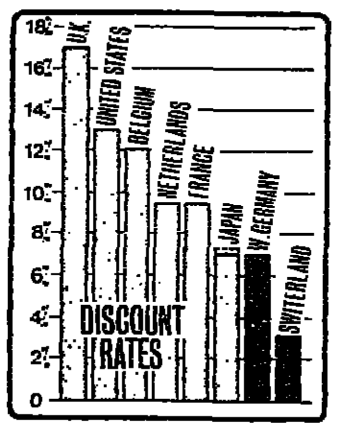
The Bundesbank, the West German central bank, raised the discount rate by a full point from 6 to 7 per cent and increased the Lombard rate, at which it lends to commercial banks against securities, by 1.5 points, from 7 to 8.5 per cent.

It acted to boost the liquidity of the West German banking system by announcing an increase in the re-discount quota from March 3 of DM 4bn (£1bn). This increases the amount of funds that banks can borrow from the Bundesbank at discount rate.

The Swiss National Bank announced its increase in the bank rate from 2 to 3 per cent, while the Lombard rate was raised from 3 to 4 per cent. The last change in the Swiss rate, also an increase by 1 per cent, was in November.

The monetary package was agreed by the Bundesbank Central Council yesterday. Herr Karl Otto Pöhl, Bundesbank president, said it was primarily a response to the recent upward spiral in world wide interest rates.

The wave of rising interest rates outside West Germany, caused by mounting inflation, had left interest rates in the Federal Republic out of touch



with those in other countries, and had led to considerable capital outflows in recent weeks.

According to latest Bundesbank estimates there was a net

Continued on Back Page

The U.S. bond market, Page 22

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DM300m TRADE SURPLUS

West Germany had a trade surplus of DM 300m (£75m) in January—the lowest figure for four years—compared with DM 800m in December Page 2

Government policies stay, says Mrs. Thatcher

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER signalled her absolute determination to maintain the Government's monetary and industrial policies yesterday. She said there was a significant change in public attitudes in favour of the Government's long-term strategy.

Mrs. Margaret Thatcher, defending her Government in the Commons against the first Opposition motion of no confidence, showed there was no prospect of any policy change, despite growing disquiet on the Tory back benches.

It was clear after her speech that she had failed to disarm *her party critics, increasingly* worried by the emphasis on monetarism and non-intervention in industrial disputes.

Her main task was to restore party unity and morale, but her speech was not greeted with enthusiasm or fervour.

In contrast, Labour MPs appeared to have their spirits restored for the first time since thet General Election. They gave Mr. James Callaghan, the Opposition leader, an enthusiastic reception for his speech attacking Government policies, "which were recklessly widening social divisions throughout society."

Mr. Callaghan's specific proposal was for the Arbitration, Conciliation and Advisory Service to appoint an arbitrator in the steel strike who would make recommendations binding on both sides. This would take far less time than the proposed ballot, he said.

The Prime Minister dismissed the suggestion as irrelevant. She said it had always been open to ACAS to intervene, but the idea had been rejected by the steel unions.

Mrs. Thatcher's theme was the need to face Britain's deep-rooted problems with firmness and realism. This was exactly what people wanted. "Attitudes are changing and the mood of realism is spreading fast," she declared.

In this context, she said no more taxpayers' money would be made available to the British Steel Corporation.

The Government's priority was the restoration of sound money and conquering inflation. The Government did not pretend *this alone* would revive the economy, but it was the essential pre-condition. For this reason, Ministers were determined to bring the growth of money supply down.

Christian Tyler writes: The Iron and Steel Trades Confederation may today consider whether a mediator could help resolve the deadlock in the nine-week steel strike.

The union has so far refused repeated efforts by BSC to put the issue to formal arbitration, declaring a negotiated settlement to be possible if BSC continued to negotiate.

But Mr. Bill Sirs, ISTC general secretary, has often referred to the possibility of calling in a mediator. Early in the dispute he said he thought ACAS might be too "gentlemanly" to effect a solution. What was needed was someone to "knock heads together."

Mr. Sandy Feather, ISTC national strike co-ordinator, said yesterday a mediator might be able to identify common ground between the unions and the BSC. That could lead to arbitration on terms acceptable to the unions.

Parliament, Page 10

Hope for Welsh steel industry, Page 8

CIT-Alcatel in £30m Roneo deal

BY GUY DE JONQUIERES IN LONDON AND ROBERT MAUTHNER IN PARIS

THE REPROGRAPHICS and mail room products activities of Roneo Vickers are to be sold to CIT-Alcatel, the French tele*communications* equipment manufacturer, for about £30m in cash under an agreement in principle announced yesterday.

The sale of these activities, which accounted for about half the £126m turnover of the Roneo Vickers office equipment group in 1978, will take the company out of the office *machinery market. But it will* continue to make and sell office furniture, partitions and business forms.

The agreement covers plants in the UK employing 2,500 people as well as factories in West Germany and the Netherlands, and sales companies in eight other countries. CIT-Alcatel will also acquire *selected assets of* Roneo Vickers Canada.

Roneo Vickers, which was acquired by the Vickers Group in 1966, is generally estimated to be the third biggest manufacturer of duplicators and stencil machines in the UK.

It has recently been facing increasingly tough competition both from other manufacturers of conventional duplicating machines like Gestetner and Rotaprint, as well as from the predominantly American and Japanese producers of more modern plain paper copiers.

It announced last month that it was seeking 160 redundancies from a workforce of 2,000 at its Romford manufacturing plant, blaming a 30 per cent drop in world demand for reprographics products compared with budgeted targets.

Last night Vickers indicated that as well as poor business conditions, a *key* reason for the sale was the growing need to incorporate into office equipment modern electronic technology not readily available to the company. As a growing force in international telecommunications, which will be an important element in future office

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Profits at ICI go up by £139m

By Sue Cameron, Chemicals Correspondent

IMPERIAL CHEMICAL Industries made pre-tax profits of £560m last year, £139m more than in 1978. But profits increase fell well behind growth in turnover because of mounting pressure on product prices.

ICI said it would probably be difficult to raise chemical prices this year. Despite higher profits in 1979, its chemical operations had to "run faster in order to stand still."

Last year's price increases *were not enough to cover higher* raw material and other costs. Although total sales rose about *7 per cent in volume from the* third to the fourth quarter, pre-tax profits for October to December fell from £155m in the preceding three months to £150m.

The company's own current-*cost adjustment for inflation* cuts the £560m pre-tax profits by £373m to only £187m, lower than the 1978 pre-tax profits worked out on the same basis.

What saved ICI was its stake in the North Sea and a better profits performance overseas, where volume grew by about 15 per cent, accounting for all the overall 8 per cent increase.

A sizeable slice of its profits, £79m, came from crude oil interests.

ICI's share in the North Sea Ninian Field accounted for £52m of this total. The previous year the cost of investment in oil production left it with a £16m loss. The group believes profits from oil this year should rise to more than £100m.

Group sales for 1979 were £5.368bn, an 18 per cent increase on the £4.533bn of 1978.

Sales in the UK increased by £432m to £2.232bn while those overseas rose by £403m to £3.136bn.

Value of exports went up to a record £1.108bn, compared to £856m in 1978. Exports to the Continent were particularly strong, accounting for more than 56 per cent of total exports.

ICI has been making a "determined effort" to increase its exports, mainly because the home market has been fairly flat. It says there was more consumer confidence on the Continent last year than had been expected, and most companies operating there had had a good year in 1979.

The group says product prices have become a "very serious problem." Price rises last year *were "nowhere near" what was* needed to compensate for increases in raw material costs.

Details, Page 24

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BBC to lose 1,500 jobs in £130m saving

BY ARTHUR SANDLES

THE BBC is to save £130m in the next two years. Its economies will lead to the loss of 1,500 permanent and temporary jobs in the home services, and possibly to the *disbandment of five of its 11* orchestras.

Mr. Ian Trethowan, BBC director-general, says in a letter to employees: "There is, I am afraid, no way we can cut this sort of money without losing jobs."

The corporation has nearly 28,000 staff. Its revenue next year might approach £1bn.

Last year it asked the Home Office for a £40 annual colour television licence fee but was told it could have only £34 and that that would have to run for two years at least.

Mr. Trethowan says that the proposed cuts are the least that can be considered "because we face a number of uncertainties, particularly over pay."

Those uncertainties centre on expected arbitration decisions over pay comparability with independent television and forthcoming general wage negotiations. However, Mr. Trethowan says: "Above all, we don't know what will happen to inflation over the next two years."

The cuts are likely to mean the BBC's shedding the Scottish Symphony Orchestra, Northern Ireland Orchestra, Northern Radio Orchestra, Midland Radio Orchestra and the London Studio Players.

Most other BBC activities will also be affected.

Problem

The radio serial Waggoners Walk is to end because of the high cost of such a drama production. Radio Three will go *off the air at 11.15 pm, although* Radio Two will probably continue to broadcast round the clock. Educational programmes are to be cut by a tenth. Technological investment will continue, but heavy cuts will be made to capital expenditure on buildings.

The net saving produced by the orchestra cuts would be about £500,000 a year—tiny in relation to the BBC's overall financial problem—but the psychological impact is considerable.

The Musicians' Union said: "We are likely to resist most strongly any attempts to reduce the present inadequate level of employment of musicians."

Mr. John Morton, general secretary of the union, said the BBC had shown "discourtesy and incompetence."

The union is to call for a special meeting of the Federation of Broadcasting Unions to discuss a united approach.

The BBC thinks listeners might be pleased with programmes that use freelance musicians rather than staff. The light orchestras "have been playing old music in old ways," according to Mr. Aubrey Singer, managing director of BBC Radio.

Production

As to television, Mr. Trethowan says: "We will be looking for a saving of about £12m (a little over 3 per cent) from the London operation, and another £1.25m from the three English network production centres.

"*Programme makers* will be under considerable pressure to find ways of reducing costs because we shall not be able to give them budgets adequate to cover inflation. Managers will be required to look for greater productivity, particularly in the programme servicing areas, and there will be some cuts in the schedules."

In radio, the corporation plans to continue expanding its local radio coverage, but stations will have reduced budgets and the growth of new projects will be slow. News will be cut by 3 per cent, saving slightly less than £1.25m. Central services are coming under close scrutiny, some facing cuts of 15 per cent.

Mr. Trethowan told staff: "We have tried to save as much as possible in the non-programme areas. It must follow that if we have to look for further substantial savings, we are bound to have to look more to the programme makers."

Pauline Clark writes: *Union* leaders representing BBC staff yesterday blamed the economy drive on misplaced priorities amid Britain's economic ills.

Mr. Alan Sapper, of the Association of Cinematograph, Television and Allied Technicians, said: "We are not reacting against the management but against the country, which must be prepared to pay if it wants a proper broadcasting service."

News Analysis, Page 10

Editorial comment, Page 22

£ in New York

—	Feb. 27	Previous
Spot	$2.2825 2835	$2.2800-2810
1 mth	0.65-0.61 dis	0.30-0.26 dis
3 mths	1.02-0.97 dis	1.15-1.08 dis
12 mths	2.80 2.68 dis	2.85-2.70 dis

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EUROPEAN NEWS

SOVIET PRESS ADMITS STRENGTH OF RESISTANCE IN AFGHANISTAN

Boost in invasion forces expected

BY DAVID SATTER IN MOSCOW

WITH THE situation in Afghanistan deteriorating rapidly, there is a growing feeling in Moscow that the Soviet Union will soon increase the number of its troops there, and that a long, cruel struggle looms ahead.

In a country like the Soviet Union, which lacks reliable information, nuances and hints define the political atmosphere. But present indications suggest that the Soviet authorities now realise that subduing the Afghans will be more difficult than they had believed.

Soviet newspapers are writing with increasing frankness about Afghan resistance, while attributing it to "outside interference." The Communist Party newspaper Pravda yesterday issued one of the toughest warnings yet against Pakistan, where the anti-Soviet Afghan guerrillas are based.

"The facts indicate a direct responsibility of the Pakistani regime for the undeclared war unleashed from its territory against Afghanistan," Pravda said. It added that Pakistan has been "repeatedly warned about this responsibility" both by the Soviet Union and Afghanistan.

As the Soviet press has acknowledged intensified resistance, reports have appeared in the Western press seeming to indicate a greater willingness by the Soviet authorities to negotiate over Afghanistan. However, according to one Western diplomat, these bear the marks of "classic disinformation."

The first report, in London early this week, said the Soviet authorities, in an informal message to the British Foreign Office, had indicated a readiness to discuss neutralisation of Afghanistan and the replacement of Soviet troops with United Nations forces. British officials have denied that there has been any such approach.

The second report came from Mr. Armand Hammer, the head of Occidental Petroleum, who said after a meeting with Mr. Leonid Brezhnev that the Soviet President had told him the Afghan problem could be solved if the United States used "outside interference" to an its "influence" to help bring end. The Soviet news agency Tass made no mention of this in its report on the meeting and it has no official status.

Concern is intensifying among Soviet citizens themselves, who feel instinctively that the Soviet commitment in Afghanistan is irreversible and are hearing an increasing number of grim rumours about the fate of Soviet soldiers who fall into the hands of the Afghan rebels.

There have been reports that a special hospital has been opened for war wounded in Tashkent, and that relatives in various Soviet cities have been horrified at the evidence of torture and mutilation on the bodies of Soviet soldiers sent home for burial. Three hundred buses in Ashkhabad were said to have been fitted out as ambulances with 18 beds for bringing the wounded back to Soviet territory.

The Soviet Press is constrained to give an official version of events against which rumours and foreign radio broadcasts can be compared. In light of recent developments, the increasingly frank tone of Soviet Press reports can also be seen as a psychological preparation for the possibility that the size of the "small contingent" of Soviet troops which was sent to Afghanistan last December may soon be increased.

With Soviet leaders now undoubtedly pondering their next move in the Afghan crisis, neither the tone of the Press, nor the "informal assurances" of flexibility conveyed through unofficial intermediaries, nor the present state of worry and tension in Moscow itself bode particularly well for a peaceful settlement.

The Soviet Union has no tradition of allowing countries to escape from its sphere of influence where it has the power to prevent them, and no one expects it to inaugurate such a tradition now.

UK sceptical of softening in Moscow's attitude

BY OUR FOREIGN STAFF

SUGGESTIONS THAT Mr. Leonid Brezhnev's recent remarks on Afghanistan indicated that Moscow is readier for troop withdrawals or to negotiate over the country's neutrality are being treated sceptically in London. Officials emphasise, however, that it will take two or three weeks of diplomatic probing to see whether there is a substance to the hints of a softening in the Soviet attitude.

Three possible explanations are put forward: that the Soviet Union is anxious to blunt the movement to boycott the Moscow Olympics; that, in the long run it might want to negotiate on Afghanistan and is making preparatory noises; and that for the sake of its image it could not turn down outright the European proposal on neutrality.

Questioned in the Commons, Mrs. Margaret Thatcher, the Prime Minister, said that Britain would be very pleased if Moscow was considering making Afghanistan a neutral state. But, she added, "we shall require more than words as evidence of good intentions. We shall require withdrawal of troops."

Meanwhile, the Associated Press reports that rebels are planning new attacks on Soviet and Afghan army units in Kabul today. Troops were reported on the alert throughout the city to prevent a recurrence of last week's violence. They are backed by an undisciplined militia force of about 2,000.

Sombre warning on French economy

By Terry Dodsworth in Paris

A SOMBRE warning that France faces six months of unrelenting inflationary pressures has been delivered by INSEE, the national statistical office, in the wake of a 1.9 per cent increase in retail prices last month.

According to INSEE the heavy blow dealt to the French economy by the recent round of oil price increases could lead to an inflation rate of 13 per cent during the first half

This deterioration would lead in turn to the development of a yawning trade gap of about FFr 15bn (£1.6bn) during the same period, while adding another 100,000 to the unemployment list.

The gloomy INSEE predictions have underlined the trend indicated by the January price rise announcement, which saw a rate of inflation not equalled for 20 years. Official explanations have made it clear that this exceptionally high increase was largely caused by the decision to pass on oil price rises to consumers as quickly as possible, but INSEE stresses that the main impact of increasing energy costs has still to be felt.

INSEE believes that the next few weeks could see the beginning of a serious production downturn in French industry, which will also come under financial pressure from rising interest rates.

This highly pessimistic view of the economic situation was to some degree contested, however, by M. Raymond Barre, the Prime Minister, in a parliamentary debate after which the Government comfortably survived Communist and Socialist censure votes.

French industry, said M. Barre, was in much better shape to stand up to competitive world pressures today than three years ago, and the Government would continue to aim at reducing last year's FFr 10bn trade deficit by its well-established policy of maintaining the value of the currency.

M. Barre also argued, again at variance with some published figures, that disposable incomes had continued to rise in France last year.

He admitted that even maintaining current purchasing power was becoming an increasingly ambitious objective. But, against strong attacks from the Opposition, he said that there could be further improvements in real incomes if productivity continued to increase and provide the basis for an expansion of exports.

Spanish Government loses fight on INI takeovers

BY ROBERT GRAHAM IN MADRID

THE SPANISH State holding company INI has won agreement that it need in future absorb ailing private companies only on the express direction of Parliament.

This is how INI officials interpret a parliamentary decision this week that INI should take over Minas de Figaredo, a loss-making coal mining company. INI has been resisting pressure to take over the company for several months, and insisted that it would only do so if asked by Parliament.

INI argued that it had been saddled in recent years with the image of a hospital for sick companies—which it had been forced to accept against its will by the Government and never by Parliament. By making Parliament approve the take-over, all political parties become committed to the operation, officials said.

Minas de Figaredo has mines in the northern coal centre of Asturias. Since early 1978 when the company began to disclose serious losses, there has been pressure from trade unions for an INI take-over. There have been numerous incidents involving the company's 1,600 workers including a sit-in by more than 100 miners inside a mine.

Last May, following a two-month strike, the Government invited INI to assume management pending a formal incorporation of the company into the public sector.

INI agreed to do this but insisted not only on parliamentary approval but also that Minas de Figaredo be kept apart from Hunosa. Hunosa is INI's grouping of former private coal mining companies absorbed after sustaining losses. Hunosa is INI's biggest single loss-maker, losing more than Pta 20bn (£131m) last year.

Minas de Figaredo will remain separate according to this week's parliamentary decision, although the unions opposed this solution, maintaining that their wages were 30 per cent lower than at Hunosa.

Virtually the entire coal-mining sector is now state owned. Ironically the Figaredo family, which owns the mining company, refused to integrate into Hunosa because they still considered it a viable operation. Minas de Figaredo produces high quality coal which is bought by Hunosa. According to both INI and the trade unions the company's capital has been eroded over the past few years and it is now in temporary receivership.

INI will pay a nominal peseta for the company while an international audit determines the precise state of its assets and losses.

Last year the company produced 164,000 tons of coal against a target of 214,000 tons. Operating costs were Pta 1.6bn and revenues Pta 1.4bn. This deficit is being covered by a subsidy which for the coming year will have a limit of Pta 2,500 per ton.

Mr. Haughey: Switch to indirect taxation.

Haughey takes corrective action

By Stewart Dalby in Dublin

IT WAS Mr. Michael O'Kennedy, the Finance Minister, who read out the Irish Budget speech, but there was no question that the Budget was the work of Mr. Charles Haughey, the Prime Minister.

Mr. Haughey was known to feel that the Government was spending too much money. The strategy of Mr. Jack Lynch, the former Prime Minister, whom Mr. Haughey succeeded last December and Dr. Martin O'Donoghue, the Minister for Economics and Planning dropped by Mr. Haughey when he took over, was to spend to create jobs and keep the economy growing.

Jobs were created—about 30,000 net in 1978 and 1979. Unfortunately for this strategy Ireland has an extremely open economy heavily dependent on foreign trade. It has few indigenous sources of energy so oil price increases hit the economy very hard.

Seriously depleted

The balance of payments deficit last year was a near record IR£60m (£55m sterling). Virtually every economist, businessman and banker in the country agrees that this level of deficit is unsustainable.

Reserves would have become seriously depleted, and the Irish pound would have had to be devalued. This would be disastrous for such an open economy. Inflation would soar.

Mr. Haughey had to take corrective action. He did so by cutting public spending. Current account public spending should increase by under 13 per cent this year which is less than the projected rate of inflation. The rise in capital spending, forecast at 13.3 per cent, will also be slower than inflation.

Apart from public spending cuts, he has also tried to dampen excessive demand by reducing the Government's heavy indebtedness.

The current account deficit is due to be cut from IR£522m to IR£353m. The overall Public Sector Borrowing Requirement is due to go down from IR£1bn to IR£896m or from 13.7 per cent of GNP to 10.4 per cent.

At the same time, however, Mr. Haughey has rather cleverly tried to settle various contentious points. The IR£292m he has raised by draconian increases in indirect taxation he intends to use by making concessions to pay-as-you-earn tax payers.

There have been large demonstrations protesting that wage earners pay too much tax while the self-employed, particularly farmers, get away with paying too little. He has increased social welfare benefits to keep up with inflation.

Resource tax

The farmers, who are very powerful politically, have been hit but not too hard. More of them have been brought into the tax net and there is a resource tax on the largest farmers.

Mr. Haughey knows he has to fight an election within the next two years so wants to appease both the growing number of urban voters and the farmer-dominated rural constituency.

The indirect taxation will probably mean another 3 percentage points on the inflation rate, taking it close to 20 per cent.

Indirect taxation gives the consumer a choice. As the Irish Times rather appositely put it: "This budget will be welcomed by those who neither drink nor smoke. Most of all it will be welcomed by Cabinet Ministers who neither drink or smoke and have official Government cars."

A cartoon added that it will be beneficial to those who do not drink and smoke but who ride horses. Mr. Haughey gave up drinking and smoking when he was Minister for Health and Social Welfare; a millionaire, he also breeds horses.

W. German trade surplus declines

BY ROGER BOYES IN BONN

WEST GERMANY'S January trade surplus fell to its lowest level for at least four years, while the current account has plunged even deeper into deficit.

The Federal Statistics office announced yesterday that the trade surplus totalled DM 300m (£74.77m), compared to DM 800m (£199.4m) in December and a hefty DM 2.1bn (£523.4m) surplus in January 1979. West Germany imported DM 27.6bn (£6.9bn) worth of goods in January and exported DM 27.9bn (£6.95bn).

The January current account figure, allowing for deductions for services and transfer payments, shows a deficit of DM 2.2bn compared with a December deficit of DM 500m and a balanced result for January last year.

West Germany recently announced a current account deficit of DM 9bn (£2.24bn) for 1979 — the biggest in the country's history — compared with a DM 17.6bn surplus in 1978. All the signs are that Germany is heading for an even larger deficit this year — it could reach DM 23bn according to an analysis released earlier this week by the IFO economic research institute.

The main reason for the current account deficit has been the large bill for oil and raw materials

Cypriot plea for pressure on Turkey

By David Tonge

A MOVE to persuade Mrs. Margaret Thatcher, the British Prime Minister, that Western aid to Turkey should be subject to Turkish concessions in Cyprus is expected to be made by Mr. Spiros Kyprianou, the Cyprus President, when he arrives in London today.

The meeting will take place amidst falling hopes about the immediate prospects of reconvening the intercommunal talks over the island.

The British apparently believe that the Turks do not respond well to pressure, and appear reluctant to link the two issues.

There have been suggestions that the Cyprus Government might make fresh demands for up to £300m for the facilities it has provided to the two British bases in the island.

Two weeks ago diplomats were expressing guarded optimism about overcoming the deadlock which has prevailed in the Cypriot intercommunal talks since last summer. However, there is now little expectation that Dr. Kurt Waldheim, the UN Secretary General, will be able to report progress by the end of March.

UK—East German legal pact signed

East Germany and Britain have signed a convention on legal aid in non-criminal cases, writes Leslie Colitt in West Berlin.

The convention, enables legal evidence to pass between the two countries. Most of the cases are expected to deal with alimony and child support but commercial areas are also covered. The UK has similar legal aid agreements with four other East European countries.

Socialists will end support for Cossiga

BY PAUL BETTS IN ROME

THE ITALIAN Socialist Party has confirmed its intention to withdraw its tacit support from the minority Government of Sig. Francesco Cossiga. However, the party has indicated it does not propose to precipitate an immediate Government crisis.

After a meeting of the Socialist leadership, the party said yesterday a formal decision to bring down the Government would only be taken after its central committee meeting next month.

Although the Socialists have increasingly called for an emergency coalition to tackle Italy's growing economic and social difficulties, the party is now awaiting the outcome of the ruling Christian Democrat Party's National Council on March 5 before effectively withdrawing the indirect support on which Sig. Cossiga's administration depends.

The Christian Democrat National Council will elect a new party chairman and secretary general. Following the ruling party's recent national congress, which rejected direct Communist participation in Government, the Socialists are now waiting to see whether the national council will confirm the party's apparent move to the right.

The minority Government, under pressure from the Socialists, was attacked yesterday by the influential Republican Party Economic Research Centre, which criticised the Government's economic policies.

The Research Institute warned that Italy's economic outlook was increasingly uncertain, largely as a result of the failure to introduce longer-term recovery measures. It claimed there were no signs that the acceleration in Italy's underlying rate of inflation, which by some measures may be running at an annual 20 per cent, was being curbed. The Republican report also said Italy could face serious balance of payments problems next year.

Dutch national pay talks fail

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government failed to make progress in talks with trade unions and employers yesterday over a general wage agreement for 1980.

Ministers met leaders of both sides of industry in the Hague to discuss their reaction to the Government's economic plan which was announced last week.

While the Government said the talks had been adjourned, Mr. Wim Kok, leader of the FNV, the country's largest union federation, described the meeting as a failure and said the Government's economic proposals did not constitute a basis for further discussions.

The failure of the four-hour meeting makes it more likely that the Government will announce wage controls.

Mr. Kok's federation has begun symbolic work stoppages at a number of companies throughout the country and has plans for a 24-hour strike in various sectors of industry next Tuesday.

The FNV is sticking to its demand for wage increases of up to 2 per cent plus the regular inflation adjustment of wages.

The smaller, more moderate, CNV federation has no plans to withdraw its demand for a 1 per cent wage rise, Mr. Harm van der Meulen, its chairman, said.

The Government wants the unions to accept a voluntary wage freeze this year and has suggested removing energy prices from the price index by which wages are adjusted. It has offered tax cuts in compensation but maintenance of wage indexation, in particular, is something for which the unions are prepared to fight hard.

NATO plan to strengthen Scandinavia incenses the Kremlin

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN COPENHAGEN

THE PLANS to speed up reinforcements to Norway and Denmark in a military crisis have recently come under heavy fire from Soviet news media. Moscow appears particularly incensed by the negotiations between Oslo and Washington about the advance stocking on Norwegian soil of heavy material for U.S. Army units which would be sent to defend Norway.

Similar talks about pre-stocking U.S. Army equipment are going on between the Danish and American defence commands, but the Soviet media have been treating the Danes more leniently, charging them only with preparing to lay mines in the Baltic Straits at the North Alantic Treaty Organisaion's request.

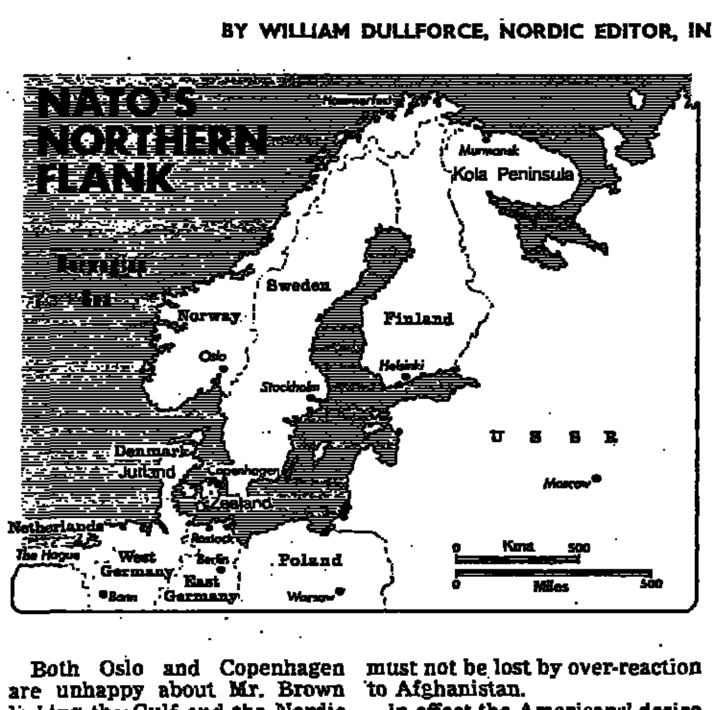
Even the Swedes have come in for Soviet censure. Suggestions from Swedish defence chiefs that Sweden could buy the U.S. F-16 fighter raised doubts about Swedish neutrality, according to Pravda. The Swedes were also accused, much to their indignation, of exporting weapons to South Africa, Chile, Argentina and Taiwan.

The Soviet charges that the Western alliance is making "war preparations" in Scandinavia arouse uneasiness in Finland which, under its treaty with the Soviet Union, can be asked to start defence consultations with Moscow, should Soviet security within the area be threatened. A prominent foreign policy adviser to the Finnish Social Democrat Party recently suggested that the Russians would be within their right to act if they felt that aggressive military forces were being concentrated near their borders.

This interpretation has been rejected by Social Democrat leaders, but last week Suomenmaa, the organ of the Centre Party, expressed anxiety about the Norwegian and Danish negotiations with the U.S. It also criticised Mr. Mauno Koivisto, the Finnish Prime Minister, for joining Mr. Thorbjorn Falladin, the Swedish Prime Minister, in saying that Norway's plans to stock military equipment for the alliance did not worry the two Nordic neutrals.

The Norwegians and Danes have reacted coolly to the Soviet Campaign, which has not so far been accompanied by changes in Soviet military dispositions, or more concrete evidence of discontent. Both Governments stress that discussions on stocking U.S. military equipment started well before the Soviet invasion of Afghanistan, and form part of the long-term development programme which the alliance initiated in 1977.

However, Mr. Harold Brown, the U.S. Defence Secretary, in his latest report to the Senate, emphasised the need to strengthen the alliance's northern flank. In an interview earlier this month, he warned Moscow that a military confrontation in the Gulf would spread to Europe as far north as Norway. This remark was echoed in Pravda's attack on Norway's security policy. The U.S. was declaring new areas to be within its sphere of influence, both in the Gulf and the Nordic area, Pravda said.



Both Oslo and Copenhagen are unhappy about Mr. Brown linking the Gulf and the Nordic area. The Norwegian and Danish governments have strongly condemned the Soviet invasion of Afghanistan, but they favour the West German and French attitude that prospects for détente in Europe must not be lost by over-reaction to Afghanistan.

In effect the Americans' desire to push along preparations for rapidly reinforcing Norway and Denmark highlights the alliance's previous dilatoriness in carrying out the plans it made in 1977 and 1978. It also puts the spotlight on the Danish Government's announcement that it can afford no real growth in defence spending over the next four years. This conflicts with the alliance members' 1978 decision to aim at an annual 3 per cent increase in defence spending.

The background to Russia's concern over Scandinavia is the policy Norway and Denmark have adopted since they joined the alliance in 1949. They then undertook not to allow atomic weapons or foreign military bases on their territories in peace time.

The corollary for this restraint, designed to assuage Soviet fears that the alliance had aggressive intentions in Northern Europe, has been the need for the alliance to plan how to reinforce the Scandinavian countries in an emergency. Earlier this would have been done by sea.

The improvements in the striking power and effective range of the Soviet forces in the Kola Peninsula, and of the Warsaw Pact forces in the Baltic, have made reinforcement by sea hazardous, at the same time as technological improvements have sharply reduced the warning times which the alliance would receive.

It has been obvious for some years that effective reinforcement of Norway and Denmark would have to come primarily by air, and that the forces arriving would need to find part of their equipment waiting for them. The need to step up defence against air attack on the bases into which the reinforcements would fly has also been evident.

So far, the Norwegians hold some winter equipment for the British Marine Commandos which form part of the Allied Mobile Force, and which regularly exercise in Norway. They will also stock transport equipment for a Canadian brigade. The Danes have some depots in Jutland, mostly for the use of the West German forces with which they would co-operate in countering a Soviet attack in the Lübeck area.

Now the Norwegians and Danes have agreed to stock fuel, ammunition and spares for U.S. squadrons—and in Denmark's case some British aircraft—which would form the first reinforcements. Their defence staffs are also talking directly with the U.S. armed forces about much larger stocks of heavy equipment for American troops which could be used to defend Norway and Denmark, if the alliance command agrees. The attitude of Gen. Bernard Rogers, the alliance's new commander, to this form of reinforcement is not yet clear.

The Norwegian and Danish Defence Ministries say talks are still taking place at the military level, and that no political decision has ben taken to stock U.S. Army equipment. They emphasise that the stocks would be under their national control, would not entail stationing foreign troops on their territories, and would thus not change their policies on foreign military bases.

The stocks are necessary to maintain credibility in the alliance's capacity to reinforce its northern flank, the argument goes. Credibility in a somewhat different sense is currently a problem for Denmark, which has recently been chided on several occasions by both the alliance's commander and the U.S. Defence Secretary for not raising defence spending.

Mr. Anker Joergensen's Social Democrat Government is planning more public spending cuts to counter Denmark's economic difficulties, and says defence spending must be kept at its present level, allowing increases only to meet inflation.

Danish defence chiefs say that, in the longer term, this "zero growth" approach could seriously impair their ability to counter an invasion of Zealand (including Copenhagen) and the eastern islands.

The defence budget is traditionally agreed among the parties in the centre of the Danish political spectrum, which make up a broad majority in the Folketing (parliament). But four parties to the right of the Social Democrats have rejected the proposed defence budget. They want Denmark to do as the rest of the alliance does over the next four years, and raise defence spending by 3 per cent a year.

Denmark says 3% rise in defence spending 'unrealistic'

BY OUR COPENHAGEN CORRESPONDENT

THE THREE per cent increase in Danish defence spending, called for by NATO and opposition parties, is "unrealistic," according to Mr. Poul Soegaard, Denmark's Defence Minister. The country cannot spend that much more on defence at a time when it may have to cut its social welfare and education budgets in order to stabilise the economy, he told the Financial Times.

Mr. Soegaard also confirmed that the Danish defence command is negotiating with the U.S. and NATO about stocking heavy equipment in Jutland for U.S. troops who are assigned to reinforce Denmark in a crisis. But no proposals on stocks have yet been submitted to the Danish Government.

The minority Social Democrat government of Mr. Anker Joergensen proposes to keep its annual defence budget unchanged in real terms during the 1981-85 period, Mr. Soegaard said. This year it will spend DKr 7.7bn (£613m) a year at January 1980 prices, plus full compensation for inflation.

The Danish Government's action has been criticised sharply by Mr. Harold Brown, the U.S. Defence Secretary, and General Bernard Rogers, the Nato Commander, who point to the decision of other Nato countries to raise defence spending by 3 per cent annually.

It is also opposed by four Danish opposition parties—the Liberals, Conservatives, Centre Democrats and Christian People's party—which in the past have joined the Social Democrats in ensuring broad parliamentary backing for four-year defence programmes.

The Social Democrats have invited the chairmen and defence spokesmen of these parties and of the Radical Liberals, who favour unchanged defence spending, to discuss the 1981-85 programme, which has to be decided before the national budget for 1981 is finalised in the autumn.

Danish defence chiefs have protested that unchanged defence spending will entail the disbanding of one of the two brigades on Zealand, and restrict the defence forces' ability to deal with an invasion of the islands east of Jutland.

The Government attaches great importance to obtaining NATO reinforcements, but the Defence Minister recognised that there could be a "credibility problem" if Denmark's NATO allies did not feel confident that Danish forces could defend the areas in which the reinforcements would arrive.

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OVERSEAS NEWS

Rhodesia fears mount over Mugabe absence

BY BRIDGET BLOOM AND MICHAEL HOLMAN IN SALISBURY

DIPLOMATIC EFFORTS involving Britain, Mozambique and Tanzania were under way last night in an effort to secure the early return to Rhodesia of guerrilla leader, Mr. Robert Mugabe, whose unexpected departure on Wednesday for Mozambique and Tanzania has left British officials concerned about the effect his absence from Rhodesia will have on crucial military arrangements for the transition to independence following this week's election.

Mr. Mugabe had been expected to play a key personal role this week as the Commonwealth monitoring force begins its phased withdrawal from guerrilla assembly camps, to be replaced by units of the Rhoedsian army and police.

The black poll went into the second of the three days yesterday, with long queues forming at polling stations despite widespread rain which has made election arrangements in remote country areas especially difficult. Officials said 1.3m people voted on the first day.

Mr. Mugabe had been expected to address the 16,000 ZANLA guerrillas at their assembly places over the next few days, formally commanding them to remain in their camps after the election results are announced on Tuesday. He was also to confirm the arrangements for an integrated training programme for a ZANLA battalion comparable to that under way at a camp near Bulawayo for 600 men of Mr. Nkomo's ZIPRA army.

The principal short-term worry has been that depending on the election result, either the guerrillas will burst out of their camps or Rhodesian forces will carry out a pre-emptive strike against the assembled guerrillas.

The introduction over the past few days of 20 to 30-strong units of Rhodesian soldiers and police into the camps has been designed to prevent either possibility. So far such units are believed to be established in nine of the 12 remaining assembly areas.

While progress is being made with integrating a battalion of the Zipra forces of Mr. Nkomo, Mr. Mugabe's personal participation is seen as essential to the ZANLA operation.

Mr. Mugabe, who said he planned to return to Rhodesia on Sunday, is expected to fly on from Maputo to Tanzania for talks with President Julius Nyerere and there is speculation here that the main purpose of the trip is consultations with the Tanzanian leader, who has been increasingly critical of Britain's handling of the transition.

Mozambique officials in Salisbury say that the visit was not at President Samora Machel's request, and the Mozambique Government shares Britain's anxiety that Mr. Mugabe should return to Salisbury without delay to throw his weight behind the military programme.

Quentin Peel, in Johannesburg, analyses S. Africa's new command structure

Pretoria prepares for total war

SOUTH AFRICA is preparing for the worst in Rhodesia. For the first time, the prospect of a hostile government taking power on the north bank of the Limpopo is being regarded as a real possibility. The discovery of large arms caches in Natal, near the Mozambique border, and an upsurge in the sporadic guerrilla war in Namibia (South-West Africa) have heightened the perception of a gathering onslaught against South Africa itself.

As South Africa's fears grow, Mr. P. W. Botha, the Prime Minister, has acted to streamline his civil service, producing a highly centralised system, and bringing his top military commanders into central positions at the highest level of government.

Gen. Magnus Malan, chief of the South African Defence Force, told his troops in his New Year message that "the total revolutionary onslaught against our entire population has escalated alarmingly" in the past year. "In the coming year, the Communist enemy will attempt to create confusion, unrest, discontent and disloyalty. . . We must be vigilant against the revolution, which will be fanned by sabotage, intimidation, murder and violence."

Gen. Malan, widely considered to be Mr. Botha's closest adviser, sees South Africa as being progressively encircled by hostile Communist states. Rhodesia could join Mozambique and Angola, and Botswana and Zambia would soon follow, he says. But despite military-inspired warnings that South Africa may intervene in Rhodesia, the military options are few. Any action north of the Limpopo would have to be swift and limited, if South Africa is not to be bogged down in a protracted guerrilla war.

Although the defence force has undoubtedly prepared itself for war on its borders or beyond—by moving reinforcements into the northern Transvaal, and taking over the policing of northern Natal along the Mozambique border—Mr Botha and his military commanders have concentrated more on internal re-organisation to meet the external threat. The idea, as conceived by Gen. Malan, has been to adopt a "total strategy" to meet the "total onslaught."

The concept of the total strategy is that the onslaught on South Africa is only 20 per cent military, and 80 per cent political and psychological. The conclusion is that the Government must launch a gigantic hearts-and-minds campaign to win the domestic population's support—especially that of the black majority. By the same token, the total strategy requires co-ordination of all sectors of the economy and society.

The strategy is already being implemented, and has resulted in Gen. Malan and his fellow military commanders rising rapidly to prominence. But already there are very mixed feelings about its implications. Many businessmen and industrialists are clearly attracted, because for the first time the Government is openly seeking their advice in its efforts to co-ordinate all sectors of the economy, inviting leading industrialists to join government institutions and promising less bureaucracy for the private sector. Political critics are more fearful. "It does indicate a totalitarian drift," Dr. Frederik van Zyl Slabbert, leader of the opposition Progressive Federal Party, says.

Gen. Magnus Malan . . . "we must be vigilant."

Mr. Botha's intention in re-organising the civil service and streamlining his own chain of communications and command is clearly two-fold: to improve the efficiency of South Africa's extended and creaking bureaucracy, and to improve his own control of the system.

The key organisations in the new structure are the State Security Council and the Prime Minister's Office. The State Security Council brings together the heads of the defence force, the police and the national intelligence service, the secretaries for foreign affairs and justice, and their respective Ministers, under the Prime Minister's chairmanship. Set up as a purely advisory body when Mr. John Vorster was Prime Minister, it has now been promoted to being a full Cabinet committee. Although the Cabinet must therefore endorse its decisions, it is now much more influential, and is regarded by many as a sort of inner Cabinet. Nor are the State Security Council's discussions limited to security.

Mr. Botha has set up four more key Cabinet committees, which also bring together Ministers and their department heads: economic affairs, social affairs, internal affairs and financial affairs.

Economic, social, scientific, security, constitutional and physical planning divisions have been set up, which, in turn, fall under two umbrellas: welfare planning and security planning.

The co-ordination of the civil service, whose 36 departments are being re-organised into 18, is completed by 15 inter-departmental committees, which report either directly to the Prime Minister's Office or to the relevant departments.

The military concept of the total strategy appears to have conflicting influences on government policy. On internal policy, it is undoubtedly liberal, stressing the need for healthy race relations. On external relations it is more hawkish. The military view of the world is one of stark conflict between Communism and capitalism, which does not allow for an African nationalism independent of either. Hence, the defence force argues, there must be no compromise in external relations, although there may be some internally.

Mr. Botha's re-organisation shows once again his penchant for resolving problems administratively, rather than politically. Some of South Africa's most sensitive racial laws are increasingly being bypassed by special permits or exemptions, without the law itself being changed. Mr. Botha has created a potentially highly centralised system which could be used in the event of war. It could also be used to bypass the democratic process.

China urges atom power development

By Tony Walker in Peking

AN ARTICLE in the Chinese Communist party newspaper, People's Daily has called for a drastic rationalisation of the country's energy use and development of nuclear power plants.

Although China is the fourth country in the world to have exploded an atom bomb, it it still does not have a nuclear plant, the article says.

Its publication coincides with an important meeting of scientists in Peking to discuss development of nuclear power.

Last weekend Vice Premier, Fang Yi, who is president of the Academy of Sciences, backed calls for a nuclear industry.

Despite abundant coal reserves and a small surplus of oil for export, many parts of China face serious energy shortages.

These shortages are restraining industrial development. For example, the Wuhan steel works in central China where an estimated £240m worth of Japanese and German plant has been installed, is operating well below capacity because of power shortages.

"It is important to set up nuclear plants in areas which are highly developed economically, but which lack conventional energy sources," the People's Daily said.

Tunis is faced with leadership crisis

BY SUSAN MORGAN IN TUNIS

TUNISIA has been left with a critical vacuum at the centre of government by the sudden illness that has struck down Mr. Hedi Nouira, who has been Prime Minister for the past 10 years.

Mr. Nouira has shouldered a large part of the political and administrative burden that President Habib Bourgiba has been unable to carry because of his own ill-health. The succession problem now looms larger than ever.

Compounding the uncertainty is the grave strain in Tunisia's relations with neighbouring Libya following the armed assault on the mining town of Gafsa late last month. An emergency meeting of the Arab League called to discuss the affair has just ended here without making the condemnation that Tunisia had sought of Libya, for inspiring and backing the insurrection.

Mr. Nouira was flown to Paris on Tuesday for hospital treatment. He is understood to have suffered a cerebral haemorrhage and partial paralysis of his left side.

The latest bulletin from Paris suggests that his condition is less serious than initially believed and that he may not now need surgery. But a return to political life is ruled out by most informed Tunisian observers.

The immediate problem of running the country has now to be resolved. Mr. Bourgiba, now 80 year-old, stepped into the breach by presiding over the National Assembly yesterday for the first time in 10 years, but his health will not allow him to be a fully active head of state for long. He is expected to nominate an interim Prime Minister in the next few weeks.

There is no obvious candidate for this post as Mr. Nouira's main rival, Mr. Mohammed Sayah, head of the socialist Destour Party, would arouse immediate opposition. However, Mr. Mohammed M'zali, the Minister of Education, is considered as a potential successor. He is an impressive speaker and has a fine administrative record.

Philippines breaks silence on N-plant

BY OUR MANILA CORRESPONDENT

AFTER A long official silence on the Philippines' first nuclear power project, the Marcos Government is again trumpeting the resumption of work on the country's controversial nuclear plant, located in Bataan north-west of Manila.

Mr. Cesar Virata, the Finance Minister, says that discussions have begun with the U.S. Export-Import Bank on the possibility of raising more funds to meet the cost of introducing certain safety modifications and to offset the effects of inflation.

Eximbank is providing the bulk of the financing for the nuclear plant, which is to be built by Westinghouse, the operator of the troubled Three Mile Island plant in the U.S. The Philippines Government has been seeking a moratorium on interest payments on Eximbank loans for the project, which is behind schedule because of delays in the granting of export licences by the U.S.

The additional costs have been put at $500m. which would boost the total to $1.6bn, but Mr. Virata says this estimate may be too high.

Mr. Geronimo Velasco, the Energy Minister, has echoed Mr. Virata's belief that an export permit for the plant's components will be forthcoming from the U.S. Nuclear Regulatory Commission (NRC). Ministry of Energy officials say the only remaining question to be resolved concerns the danger of proliferation.

The original financing of the plant consisted of $47bn of direct loans from Eximbank, $367m-worth of bonds guaranteed by Eximbank floated in the American market and $257m of suppliers' credit from Westinghouse.

Kriangsak challenged on Thai oil price increases

BY OUR BANGKOK CORRESPONDENT

THE GROWING political challenge facing Gen. Kriangsak Chomanan, Thailand's Prime Minister, is expected to develop further over the next few days when the Thai Parliament debates his Government's recent unpopular oil price increases.

A special session of the parliament is scheduled to convene today to discuss the increases. It was called by Gen. Kriangsak following widespread public dissatisfaction with price rises that ranged from a 25 per cent premium petrol (to 9.8 baht per litre—49 US cents) to a nearly 60 per cent rise for kerosene (to 6.71 baht per litre).

Opposition politicians have been encouraged by the clamour created by the rises and have gained enough support to require a debate in the Thai parliament on a motion of no-confidence against the Kriangsak Government. The debate itself is due to begin on Monday.

Those who defend the oil price increases maintain that the Government could no longer subsidise fuel costs as it was doing. This had led to a huge oil import bill and a steadily growing trade deficit. According to recent official estimates, the deficit exceeded $2bn last year.

While the General is expected to survive the debate, the intense opposition signals a significant weakening in his once solid national support.

Planning Minister takes relaxed approach to $12bn financing need

Brazil's borrowing plans perplex bankers

BY PETER MONTAGNON IN LONDON AND ROSEMARY BURR IN NEW YORK

INTERNATIONAL BANKERS have been somewhat perplexed by the recent visit of Prof. Antonio Delfim Netto, Brazil's Planning Minister, to the U.S. and London. Prof. Delfim calculates that Brazil needs some $12bn from commercial banks in 1980. With two months of the year gone, the bankers are surprised that he does not seem in much of a hurry to get it.

There is scepticism about Prof. Delfim's figures, but even if they are not overoptimistic, raising $12bn will be hard, many bankers believe. They feel he should start borrowing now, instead of "haggling about the terms" as he did in conversations with bankers on both sides of the Atlantic.

Prof. Delfim's figures are based on the assumption that exports will grow to about $20bn this year, from $15.2bn in 1979. He pointed out to the Financial Times this week that crops are doing well, and prospects are favourable for manufactured exports since last December's decision to ease trade restrictions and devalue the cruzeiro by 30 per cent.

Prof. Delfim is particularly anxious to develop foreign trade and to encourage direct foreign investment in projects with a low import content and high export yield.

Thus, much of his time in London was spent talking to British Ministers. On Tuesday he saw Sir Geoffrey Howe, the Chancellor of the Exchequer, Sir Keith Joseph, the Industry Secretary, and Mr. John Nott, the Trade Secretary. On Wednesday he travelled to Paris to see President Valery Giscard d'Estaing of France, returning to Brazil yesterday.

But many bankers believe Brazil may have difficulty in reaching its export target in the present uncertain trade climate. There are also fears that rising oil prices could increase the import bill, and with interest rates at new peaks, debt service charges are working against Brazil.

Freddie Mansfield

Sir Geoffrey Howe (left) greets Prof. Delfim Netto outside No. 11 Downing Street.

Professor Delfim remains totally self-assured about borrowing. One or more state agencies, plus some private sector borrowers, will be coming to the market in the next few weeks, he said, and the programme for the rest of the year is already established.

Drawings on existing credit facilities had already assured about $2bn of this year's programme he said; but declined to go into details.

According to Sr. Ernane Galveas, Brazil's Finance Minister, appropriate terms would be spreads of about ¾ to 1 per cent above the London inter-bank offered rate (LIBOR) and maturities of about 10 years. But several London bankers think Brazil should pay something more like 1¼ per cent above LIBOR, and some feel strongly that maturities should be reduced to about eight years. (The state-owned Argentinian oil company Yacimientos Petroleos Fiscales, by contrast, is to float a $100m eight-year loan at ¾ per cent over LIBOR for four years, rising to ⅞ per cent thereafter, with four years' grace.)

Another school of thought suggests some leading banks are inclined to exaggerate Brazil's problems to push through tougher borrowing conditions.

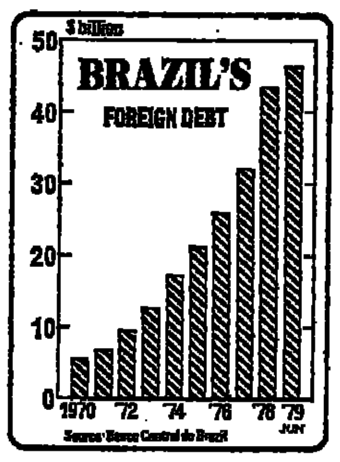
Such exaggeration, according to this school might prove counter-productive in the longer run by scaring off smaller banks which would otherwise have participated in loans.

Whatever the case, it is worth noting that some $7bn of Brazil's total requirement this year would cover amortisation of existing debt. This should prove fairly easy to handle as it would not increase the banks' exposure in Brazil.

Also, with public sector foreign borrowing requirements put at only $4.1bn in Brazil's budget, a large amount of the total borrowing will come from the private sector, which can raise large amounts quickly and discreetly.

These factors may explain why Prof. Delfim is at such pains to stress that Brazil has absolutely no need to turn to the International Monetary Fund for assistance this year. He added that the Fund itself is not pressing Brazil to apply for credit. "They did not even put the question to me," he said of his meeting last week in Washington with M. Jacques de la Rosiere, the Fund's managing director.

Brazil still has some $9.7bn to $9.8bn in foreign exchange reserves, of which Prof. Delfim said: "We can lose $2bn without any problem."



Such a rundown does not in fact form part of the financing strategy this year. Instead, the reserves, which Prof. Delfim says have been barely touched since the start of the year, are to be used to protect Brazil from such developments as unexpected rises in oil prices and interest rates.

Of more concern to Brazil than borrowing abroad are the longer-term constraints on growth imposed by Brazil's current account balance-of-payments deficit—the deficit in trade in goods and services—which is expected to be $9bn this year, compared with $10bn in 1979, Prof. Delfim said.

A reduction of the current account deficit in the years ahead will be crucial for Brazil. Even if Brazil does have to pay higher prices this year to borrow in the international markets, some banks still have an appetite for lending. The market is also expected to remain fairly liquid as the Organisation of Petroleum Exporting Countries' current account surplus, now put at $120bn, finds its way into the international banking system.

Trade deficit at $482m

BY DIANA SMITH IN BRASILIA

BRAZIL'S PLANS to balance trade in 1980 got off to a bad start in January, when the trade deficit more than doubled to $482m from $196m in January last year.

There are some signs of improvement, however. While imports increased by 19 per cent to $1.8bn compared with January 1979, exports grew twice as fast, to $1.3bn.

Brazil has to maintain strong monthly export growth throughout the year if it is to achieve its aim of balancing trade in 1980 at $20bn in each direction.

Much depends on agricultural exports. Sr. Benedito Moreira, director of the Bank of Brazil's official trade bureau, said bumper harvests of soyabeans and coffee should begin boosting the export account in March and April, while higher output of grains would help reduce last year's food import bill of $2bn.

Diplomats victim of long-running Colombian battle

By Our Foreign Staff

THE FOURTEEN ambassadors taken captive on Wednesday in the Bogota embassy of the Dominican Republic are the latest and most sensational victims of a running battle between Colombia's Government and numerous left-wing guerrilla groups.

The armed guerrillas seized the embassy as diplomats arrived for a reception to celebrate the Dominican Republic's independence day. They belong to the M-19 group known more fully as the April 19 Movement, after the date of the 1970 presidential election which its parent political party came within an ace of winning and later claimed was a fraud.

The parent party, the National Popular Alliance Movement, was founded by General Gustavo Rojas Pinilla, the populist dictator who ruled Colombia between 1953 and 1957. M-19 kidnapped and subsequently killed a prominent labour leader in 1976, accusing him of betraying the country's working class. Last year it organised a raid on a military arsenal in Bogota which netted several thousand weapons, and in a separate incident murdered a former Interior Minister.

But M-19, along with other left-wing guerrilla groups in Colombia, has suffered a loss of strength over the past 18 months since President Julio Cesar Turbay Ayala was elected to power. He ordered a round-up of guerrillas under tough anti-terrorist measures to curb the bombings and kidnappings, and more than 1,300 were arrested last year.

Although military tribunals tried about 230 of those held and the authorities say they freed the rest, the guerrillas who seized the ambassadors have demanded the release of 300 prisoners taken in the round-up.

Successive Colombian governments have given the country a reputation for violations of human rights and torture of political prisoners. President Turbay Ayala is described as reformist, having promised legal and administrative changes when he came to office.

He took over an economy whose gross domestic product grew 7.9 per cent in real terms in 1978. Over the previous 18 years GDP growth averaged 5.6 per cent.

Reagan election finances 'could be under strain'

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

MR. GEORGE BUSH's national political director said yesterday that Mr. Ronald Reagan's surging drive for the Republican Party's Presidential nomination could be stalled by lack of finances.

Mr. David Keene, seeking to find solace in his candidate's heavy defeat by Mr. Reagan in Tuesday's New Hampshire primary, argued that if it were true that Mr. Reagan has already spent about $12m of the $18m that federal law permits him to spend up to the national convention in July, then he would have difficulty in launching effective challenges in the three dozen primaries still outstanding. Mr. Keene said that Mr. Bush was in much better shape, having used up only between $7m and $8m so far.

Mr. Reagan has already said that a major reason for getting rid of Mr. John Sears, his campaign manager, and replacing him with Mr. William Casey, was the financial one. Subsequently he announced that he was cutting his 275-strong central campaign staff in half in order to save further money.

At this stage, however, financial constraints are but a faint cloud on the optimistic Reagan horizon. It is now even being suggested that, without trying particularly hard, Mr. Reagan can inflict further damage on Mr. Bush's candidacy in next Tuesday's Massachusetts primary.

Mr. Reagan has been careful to say that he does not expect to win in Massachusetts, which, as he likes to point out, was the only state to vote for George McGovern in the 1972 election and which ought to be favourable territory for a New Englander like Mr. Bush.

But if Mr. Reagan's momentum, acquired in neighbouring New Hampshire, spills over into Massachusetts, and if Senator Howard Baker and Congressman John Anderson continue to eat into Mr. Bush's moderate constituency, then the Bush margin of victory could fall into that dangerous category known as "less than expected."

The same potential pitfall awaits Senator Edward Kennedy, the home state Senator, on the Democratic side. It is probable that anything less than a sweeping victory over President Carter will be interpreted as a further weakening of his candidacy.

If the President picks up 80 per cent or more of the Massachusetts vote — and with the state's Governor and much of its political hierarchy already in his camp, he may do as well as this — then he will be able to claim a moral victory.

Another consequence of Mr. Reagan's New Hampshire success has been revived interest in what former President Ford will do. A sizeable school of thought in the Republican Party continues to believe that though Mr. Reagan can win the party's nomination, he cannot win a general election, and that if the primaries fail to throw up a good alternative then Mr. Ford should be seduced from his comfortable semi-retirement and asked to run.

Mr. Ford has been saying that he thinks the Illinois primary on March 18 will prove a critical point in the campaign and has implied that if it looks that Mr. Bush or Senator Baker will not make it, he might be amenable to an approach.

The problem for the former President, however, is that all recent experience (with the single and exceptional circumstances in the Democratic Party in 1968) demonstrates that nominations have to be won the hard way by running everywhere and early. If Mr. Reagan continues to do well in the next month—during which over a quarter of all the delegates to the national convention will be selected — he would have obtained a big jump on any Ford candidacy.

Jamaica reaches partial agreement with IMF

BY CANUTE JAMES IN KINGSTON

The Jamaican Government and the International Monetary Fund are now reported to have reached agreement on some points of a new loan package for the island. Previous talks had broken down after Mr. Michael Manley, the Prime Minister, had rejected the conditions being imposed by the IMF.

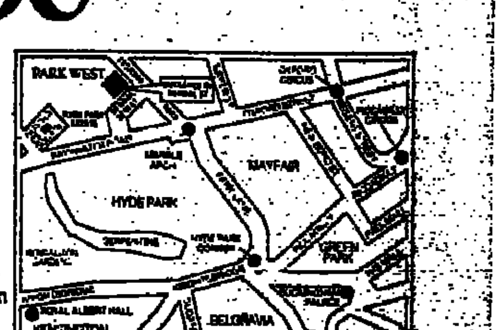
Mr. Eric Bell, the Jamaican Minister of Finance, has reported that the IMF has dropped a demand that the current account deficit should be reduced by J$150m (U.S.$80m) which was J$50m more than the Government was prepared to cut.

As a result of the new discussions, the Government was postponing its request to the IMF Board of Directors for a waiver of the conditions for continuing access to a U.S.$400m loan agreement, he said. The agreement was terminated last December.

The Government is also preparing an interim programme to be discussed with the Board next month which will cover a period of between nine and 12 months, the Finance Minister said.

If the interim programme is accepted by the IMF Board it would allow the island's battered economy, chronically short of foreign exchange, to draw down about U.S.$140m by the end of 1980.

Prime Minister Manley has said he will call elections by October and his ruling Peoples National Party has already started campaigning on a platform rejecting the IMF. The Opposition Jamaica Labour Party, led by Mr. Edward Seaga, has been advocating acceptance.



New doubts hit Mitsui's Iran chemical project

By Simon Henderson in Tehran

JAPANESE OFFICIALS in Tehran are asking Mr. Eimei Yamashita, the senior managing director of Mitsui and president of the Iran-Japan Petrochemical Company (IJPC), to return to Iran to sort out continuing difficulties over the restarting of the $3.3bn petrochemical plant at Bandar Khomeini on the Gulf coast.

Contradictory statements from both sides in the last three days have led to renewed doubts about the project. About 60 Japanese engineers have returned to the site which has not been worked on since last year's revolution, but Mr. Ali Akhbar Moinfar, Iran's oil Minister, repeated an earlier threat on Wednesday that unless the Japanese came back, Iran would find another country to help it finish the project.

Both the Japanese Government and Mitsui, the majority shareholder in the Japanese half of IJPC, have committed themselves to finish the project which was 85 per cent complete when work was stopped, but want to start work gradually and then expand. Iran wants full scale work to begin as soon as possible.

Mr. Yamashita was in Tehran for talks during the first week of February and admitted then that there were still problems to be resolved. Japanese officials say these are financial and budgetary considerations, questions about the Iranian counterpart and personnel problems. The main people in Iran concerned with the project are going to the site on March 1, but officials want Mr. Yamashita to return to be involved also in the talks.

As part of his pressure on the Japanese to start work, the Iranian Oil Minister said this week the Revolutionary Council had approved a liaison man to co-ordinate the project with full authority to resume construction with or without the Japanese.

The petrochemical works, on mudflats on the Gulf coast, is the biggest project to survive the revolution, when many others were cancelled, and forms an important part of Iranian policy of making full use of its oil resources and associated gas.

Japan may not curb Soviet credit

BY RICHARD C. HANSON IN TOKYO

ENCOURAGED by a lack of European resolve, pressure is mounting in Japan to reject a U.S. appeal to halt official financing of exports to the Soviet Union in retaliation for its invasion of Afghanistan.

The Japanese Government is unlikely to risk angering the U.S. by unilaterally opening the way, for example, for negotiations with the Soviets on steel pipe shipments this year, which require large direct official credits to the Soviet Union from Japan's Export and Import Bank. Government officials and private businessmen are, however, paying careful attention to news from Europe that West Germany will renew exports of steel to the Russians and that others are considering such a move.

The Japanese have already decided not to interfere with Exim Bank suppliers' credits for shipments of plant and equipment which has already been contracted for, including apparently additional contracts related to ones already signed.

The Ministry of International Trade and Industry (MITI), for example, intends to approve the export license for a $2.6m additional contract for a textile plant to be shipped by C. Itoh, a large trading company.

C. Itoh won MITI approval for the first stage of the contract last autumn, worth a reported $8.6m, and has been negotiating with the Russians in Moscow for additions to the plant. Once MITI (and the Ministry of Finance) approve, the granting of Exim Bank suppliers' credits proceeds along routine channels.

According to MITI, there are several other projects with export licences to the Soviet Union in the Exim Bank pipeline. The bank's credits are normally arranged just at the time shipment begins.

Japanese steel makers are becoming uneasy over the prospects of losing out on shipments of steel pipe to the Russians because of the unavailability of Exim Bank credits. Last year, Japan contracted to ship 700,000 tonnes of large-diameter steel pipe, which was financed largely by a $300m credit from the Japanese Exim Bank to the Foreign Trade Bank in the Soviet Union.

The Japanese Government position on the steel pipe shipments is rather vague, as is its general position of halting new official credits to the Soviet Union. The Government has neither officially halted the extension of such credits nor is it in a position to grant any such credits for the time being for fear of damaging ties with the U.S.

Ewbank in Libya power plant deal

By Hazel Duffy, Industrial Correspondent

EWBANK and Partners, British-based consulting engineers, has won a contract for the design and consultancy for a power and desalination plant to be built on the Gulf of Sirte in Libya. The capital cost of the plant is likely to exceed £200m, and should be completed by the mid 1980s.

The plant will include a thermal power station with four 120 MW generating units, a 40,000 cubic metres per day desalination plant, and a 300 unit housing colony for operating staff. The civil sub-consultants are Rendel, Palmer and Tritton and the building services consultants are Ewbank Design Partnership.

Ewbank and Partners have specialised in engineering major combined power and desalination plants, and are working on similar plants in Saudi Arabia and Qatar. The consultants are also associated with the engineering of the power and water facilities for the 1.5m tonnes a year Misurata steel plant in Libya.

W. German exports to Arab oil producers decline

BY ROGER BOYES IN BONN

WEST GERMANY'S exports to key Arab oil producing countries have seriously slackened over the past year, reinforcing fears that OPEC is increasingly reluctant to recycle funds amassed from the latest oil price rises.

Economics Ministry figures show that overall W. German-Arab trade increased by 24 per cent to DM 36bn (£8.9bn) in 1979. This was largely due to a 43 per cent increase in Arab exports, boosted by higher oil prices to DM 18.6bn. W. German exports to Arab countries meanwhile rose by only 9.2 per cent.

West German exports to some oil producers—notably Algeria and Kuwait—actually dropped in absolute terms. Thus Algeria, Germany's sixth most important oil supplier, imported 10.8 per cent less from Germany than in 1978 while exporting over 32 per cent more.

Saudi Arabia, which is Bonn's top oil supplier, took 6.2 per cent more imports from Germany. But Bonn is none the less close to deficit with Riyadh having sold DM 4.4bn worth of goods to the Saudis while purchasing goods—mainly oil—DM 4.3bn, over 40 per cent more than in 1978.

The Cologne-based Institute for the German Economy has in a recent analysis broadened this picture to include all—not just the Arab—OPEC countries and, on the basis of eight month figures, comes to even gloomier conclusions. It estimates that German exports to the OPEC countries fell by 15 per cent in the first eight months of last year, compared to a drop of 7.6 per cent in the remaining countries in the Organisation for Economic Co-operation and Development (OECD).

The drop in demand for German goods is underpinned to some extent by currency problems. The main categories of exports to the Arab countries—machine construction, motor vehicles, electro-technical goods and chemicals—are especially sensitive to the price competitive disadvantages of the strong Deutsche Mark against major trading currencies like the dollar and the yen.

The Institute emphasises, however, that almost all of the EEC countries have suffered in their trade with OPEC. Only the Netherlands and Italy could significantly increase their export share during the period studied by the institute.

Lisbon plans incentives for foreign investors

BY JIMMY BURNS IN BRUSSELS

PORTUGAL'S centre-right Government is preparing a package of incentives designed to boost foreign investment, Dr. Alexaindre Vaz Pinto, the chairman of the Portuguese Foreign Investment Institute, announced in Brussels yesterday.

Speaking during a one-day seminar for foreign businessmen sponsored by the Portuguese Chamber of Commerce, Dr. Vaz Pinto said that fiscal and credit incentives would be introduced on a short-term basis in specific areas of the economy so as to "maximise effects."

Under existing legislation, new investments in Portugal are judged in terms of their positive contribution to the balance of payments, the creation of new jobs, and their incorporation of a reasonable national added value. But Dr. Vaz Pinto emphasised that the main innovation behind the new package would be a streamlining of the method by which new projects are screened.

Nevertheless, Dr. Vaz Pinto indicated that there was as yet no question of liberalising the case-by-case method of authorising new investment. This has been criticised in the past by potential investors as being incompatible with EEC rules.

Nor are major changes expected over the next few months in Portugal's present labour legislation, another bone of contention for investors.

Dr. Vaz Pinto said that, with the prospect of a general election in October, the Government was unlikely to risk introducing a new law giving employers freedom to hire and fire.

The new measures have been prepared over the past month by a Government-appointed working group headed by Dr. Jose Silva Lopes, the former governor of the Bank of Portugal, and Dr. Rui Vilar and present vice-governor of the bank. The final draft of the law is expected to be presented to Parliament for approval before the end of March.

Saudis may aid Portugal oil shortfall

By Our Lisbon Correspondent

SAUDI ARABIA is likely to make up the shortfall in Portugal's 1980 oil import requirements, it was disclosed in Lisbon yesterday.

Mr. Nasser Almanquor, Saudi Arabian ambassador to Spain, said after talks with Government officials here that he did not think there were any problems in supplying Portugal's outstanding oil needs.

The Arab envoy was invited to Lisbon as part of the Conservative Government coalition's efforts to improve relations between Portugal and the Arab world.

Portugal gets about 80 per cent of its oil from the Middle East, but still has not secured about one-third of its projected 1980 requirements. The Saudi Arabian ambassador emphasised he could not speak for his country's Petroleum Minister, but made it clear that he could see no obstacles to the supply of oil to Portugal.

UK deficit widens as trade with Dutch rises

BY CHARLES BATCHELOR IN AMSTERDAM

ANGLO-DUTCH trade expanded strongly during 1979 leading to a sharp increase in the British deficit with The Netherlands. Despite the worsening of the UK trade balance British exporters improved their position in the final three months of the year, according to UK Department of Trade figures.

British exports rose 36 per cent to £3.06bn fob from £2.26bn in 1978, while Dutch exports were also 36 per cent higher at £3.45bn cif against £2.52bn. The British deficit rose 43 per cent to £383.7m from £268.6m.

The Netherlands exported £550.1m worth of foodstuffs, excluding dairy produce, to Britain, more than three times British exports of £169.7m. Britain exported slightly more dairy produce, at £87.2m against £82.1m, in spite of the strength of the Dutch dairy sector.

Dutch oil and oil products worth £803.6m went to the UK compared with British exports of £747.3m. Dutch chemical exports were £566.4m against imports of £546.8m.

British exporters of metal and engineered products continued to do well. British exports of £484.5m worth of machinery exceeded imports of £427.5m. Britain sold £214.6m of transport equipment compared with Dutch exports of £185.1m. Britain also exported scientific and photographic equipment worth £91.3m.

Big Philippines deal for MAN and Isuzu

BY LEO GONZAGA IN MANILA

WEST GERMANY'S Maschinenfabrik Augsburg-Nuernburg (MAN) and Japan's Isuzu Motors are to start building a $95m (£41.3m) diesel-engine industry in the Philippines that will be on-stream in two years' time.

The two companies have been chosen by the Government to build plants that will produce diesel engines of roughly 50 to 200 horsepower. They will also have engine monopoly for all domestically assembled commercial vehicles under a Government truck manufacturing programme that is supposed to produce 41,000 units this year.

Mr. Eduardo Tordesillas, vice-chairman of the Philippine Board of Investments, announced that the two companies were finally awarded the contracts after they agreed to Government conditions on local content, export commitment, guaranteed performance bonds, and a timetable within which to set up the plants.

MAN's project requires an investment of $55m and it will manufacture engines of 90 hp and over. Its plant will be designed to produce 10,000 units annually.

Isuzu will invest $40m for a plant that will turn out lower range engines from 50 hp to 155 hp. Its capacity will be 32,000 units a year.

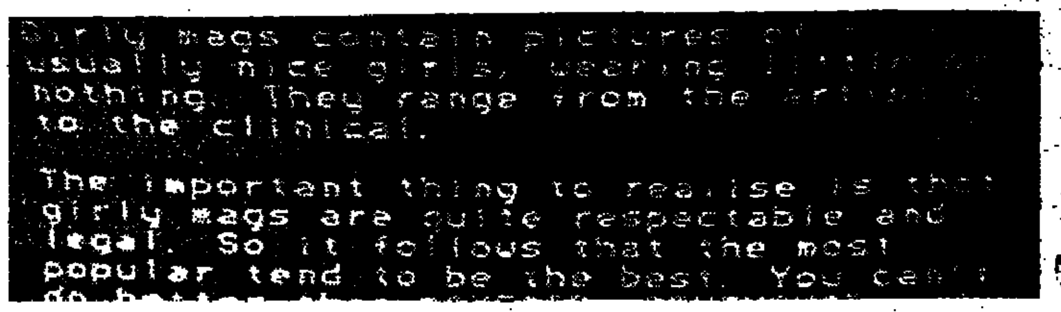
The announcement was one of two major deals this week that will have far reaching effects on the Philippine economy.

Reynolds Aluminium of the U.S. signed a 50-50 joint venture agreement with the state-owned National Development Corporation (NDC) to put up a $450m aluminium smelter plant in Mindinao in the southern Philippines.

The contract was signed by Mr. J. Louis Reynolds, the Reynolds chairman, and Mr. Roberto Ongpin, NDC chairman and Philippine Industry Minister.

Initially the operation was meant to be just a smelting plant, but the agreement calls for the design of a plant to produce about 140,000 metric tons of aluminium products annually, including ingots, fabricated aluminium cans and automobile parts. The project is expected to generate about $200m annually in foreign exchange.

Post Office chairman orders report on Prestel's 'guide to dirty books'



BY JOHN LLOYD

SIR William Barlow, chairman of the Post Office, has ordered a report on the "Buyer's guide to dirty books" available on Prestel, the Post Office's viewdata system.

The guide is displayed by Mills and Allen, a major information provider, to Prestel, and contains advice on types and prices of pornographic material. The previous managing director of Mills and Allen, Mr. Richard Hooper, has just been appointed director of Prestel.

Sir William said: "I am disappointed that an information provider has used Post Office Prestel facilities to display material which could be offensive."

At the same time, however, the corporation said: "We don't exercise, or intend to exercise, any kind of censorship. Information providers who rent from us have complete commercial and editorial freedom within the constraints imposed by the laws of the land to put in what they want."

Mr. Hooper was unavailable yesterday, but Mr. Paul McFarland, Viewdata editor at Mills and Allen, said that he did not believe the guide was obscene or indecent.

"No-one has actually complained about it. It has been up for abour five weeks, and we plan to review it at the end of 10 weeks. It seems tto be moderately popular—there have been about 2,000 calls on the service over the five weeks."

Mr. McFarland said he and two other colleagues had thought of the idea. Mr. Hooper had know of it, but took no part in its development.

Few other information providers seem interested in sex in a professional sense, except for the magazine Time Out, which displays, among other features, a "lonely hearts club" listing.

This consists of classified advertisements from its weekly column, where advertisers often describe their sexual preferences and invite a response.

Another information provider described this listing as "much sexier than Mills and Allen."

The half dozen listings this we ek include one from a "petite artistic passionate women" who seeks an "educated tall witty warm solvent masculine man"; and a "gay guy, 27, sturdily-built law student" who "seeks non-camp friends."

Like the Mills and Allen listings, the Time Out guide is straightforward and factual, with no obvious attempt to titillate. Mr. McFarland said: "You can't do any sexy graphics on Prestel. All you get is the words."

Mr. Alan Watson, the Prestel editor at Time Out, said he was proud to operate "the first ever electronic lonely hearts club in the world," and was "shocked and horrified" by Sir William's statement.

"The Post Office has been selling this service on a common carrier basis, with no editorial interference."

Time Out apart, sex on Prestel is most noticeable for its dearth. Baric and Eastel, both information providers who, like Mills and Allen, appear under the "tentertainment" division in the Prestel directory, do not offer pornography in any detectable form, and say they have no plans to do so. The Family Living section gives advice on divorce, but it is soberly presented.

The English Tourist Board, which "offers information on places to visit, things to see," unaccountably does not include pornographic bookshops or strip clubs. A spokesman for the board said last night: "The closest we get to that kind of thing is to refer people to the Time Out listings."

Paisley rejects power sharing

MR. IAN PAISLEY and his Democratic Unionist Party yesterday formally rejected power sharing at Cabinet level as a means of governing Northern Ireland.

The current talks at the constitutional conference are devoted to hearing the views of Mr. Paisley's party on political devolution for the Province.

Mr. Paisley has rejected power sharing before, but yesterday gave 12 reasons for doing so.

These included the view that the Cabinet must be entirely composed of the largely Protestant Union majority. He also said that one of the parties at the talks, the Social Democratic Labour Party, did not respect the constitution of Northern Ireland because it wanted union with the Republic.

The SDLP said the Government must face up to the intransigence of Mr. Paisley and his party. Mr. Paisley says he will not reveal his proposals for the protection of the Roman Catholic minority unless the principle of majority rule at Cabinet level is accepted. Mr. John Hume, the SDLP leader, will not accept his principle.

Israel flights

MONARCH AIRLINES, the UK independent operator, has been awarded a £9m contract by three travel companies, Travel the World, Venus Travel and Cosmos Air Holidays, for flights to Israel. The deal means nearly 1,200 seats a week each way from October, and will bring Israel into the same league as major tourist resorts in the western Mediterranean.

There will be four flights a week from Luton and one a week from Manchester to Tel Aviv, and two to Eilat, one from Luton, one from Manchester.

Motor traders warned about fake parts

FINANCIAL TIMES REPORTER

BRITAIN'S motor traders are to be warned about fake car parts.

The Society of Motor Manufacturers and Traders' investigations have shown that more than 40 major European companies have had products counterfeited.

The fake parts look like the real thing, even down to the packaging and brand names. The society will distribute leaflets at the Autoquip car and component show at Wembley next week warning motor traders they could be sued if they resold such products.

Some of the products investigated by the society involved items critical to safety, such as steering ball joints, brake linings and lights. Others include garage workshop equipment without proper safety mechanisms or made from "substantially inferior materials."

The society said: "The vast majority of the counterfeits tested have fallen far short of the genuine manufacturers' standards."

It advises wholesalers and retailers to buy only from the manufacturers or reputable companies and people known to the purchaser. The trader will have to be wary of "cancelled export order" "bankrupt stock" or "parallel imports" sales lines.

The society is operating an information exchange on behalf of the industry and advises dealers who are offerered suspect goods to contact its legal department. It will then contact the manufacturer, which will check the goods to verify their origin and quality.

Panel to study powers of Customs and tax offices

BY TIM DICKSON

AN INDEPENDENT committee will be set up to review the enforcement powers of the Inland Revenue and the Customs and Excise Departments, the Government announced yesterday.

The move follows last August's judgment in the Appeal Court that the Revenue had overstepped its powers by entering and searching premises connected with the Rossminster Group of companies.

Lord Denning, who at the time compared the search and seizure of documents to the arrest of John Wilkes in 1763, ruled that the warrants by which the Inland Revenue conducted its raids were invalid. But the House of Lords has since upheld an Inland Revenue plea that its wide powers in investigations of suspected tax frauds should be upheld.

The committee will be asked "to weigh the need to ensure compliance with the law against the need to avoid excessive burdens on taxpayers," Mr. Peter Rees, QC, MP, the Minister of State, Treasury, said in a Parliamentary written answer yesterday.

Its terms of reference, the names of the chairman and members, and arrangements for submitting evidence will be announced later.

Plessey case

TWO employees at the Plessey telecommunications plant at Edge Lane, Liverpool, appear at Liverpool Magistrates' court today on charges of alleged fraud. The case concerns alleged financial irregularities at the plant. A third man, not a Plessey employee, has also been charged.

Air Kent goes into voluntary liquidation

AIR KENT, the small passenger airline opened in September for flights between Manston in Kent, and Brussels, has gone into voluntary liquidation.

The airline, founded by Mr. Robin Paine, a Kent businessman, halted operations some weeks ago, pending a financial restructuring of the operation.

Mr. Paine said yesterday: "Air Kent's financial backing was insufficient for the nonprofitable months of initial development."

The aim of Air Kent was to enable businessmen to fly directly to the Continent from Manston, avoiding long surface travel to major airports such as Gatwick and Heathrow.

Initial loads last autumn indicated that the service was tapping a new market, but they proved inadequate to keep it going through the winter, especially in the light of rising fuel costs.

Seaspeed makes 40% fare cut

SEASPEED, THE British Rail hovercraft operator, will cut its off-peak passenger fares by over 40 per cent, a further sign of the growing price war on cross-Channel ferry routes.

Townsend Thoresen made cuts as the 1980 season began that made it the cheapest. Some Seaspeed fares will now be cheaper.

Welsh poll call

A CALL for another devolution referendum in Wales will be launched by Labour "Yes" campaigners tomorrow, March 1, St. David's Day and anniversary of the four-to-one defeat for devolution last year. They say that Wales "desperately needs a fully-fledged Parliament with powers over industry and the economy, to stand as a bulwark against the steel and coal jobs catastrophe now hitting the country.

Car tax warning

THE RAC has urged the Government not o increase motoring costs in the Budget. Mr. Jack Williams, chairman of the RAC Public Policy Committee, said in a letter to Sir Geoffrey Howe, Chancellor of the Exchequer, that motorists were paying "more than enough" in tax. It would be unjustifiable to raise it further. Motoring tax revenue had risen 150 per cent in six years, while road spending had fallen 30 per cent.

Shell and Esso about to develop oil field

BY RAY DAFTER, ENERGY EDITOR

SHELL and Esso are about to develop their Central Cormorant oil field in the North Sea through an underwater production system. An initial budget of £130m has been approved for part of the work, which is due to start later this year.

The field, containing an estimated 100m barrels of recoverable oil, lies between the North and South Cormorant reservoirs in blocks 211/21 and 211/26 north-east of the Shetland Islands.

Shell confirmed yesterday the first phase of the project would include the construction of an underwater manifold unit —a seabed well system—and the drilling of the first production well. This well will also be used by Shell, as operator, for the appraisal of the reservoir's characteristics.

The installation of the manifold and the drilling of nine further production wells—both of which are excluded from the £130m budget—should be completed next year to allow oil to flow late in 1981 or 1982.

The oil will be carried by pipeline to the nearby South Cormorant platform which acts as a collection point for all the oil in the northerly fields connected to the Brent pipeline system.

Shell and Esso are among the most active oil producers in the North Sea with seven fields on stream or under development. Oil is already being produced from the group's Auk, Dunlin, Brent and South Cormorant fields. Development work is proceeding with North Cormorant, Fulmar—and now Central Cormorant.

Several other fields are likely to be exploited by the two major oil companies in the next few years.

Shell confirmed that it was conducting a feasibility study into the development of its newly-named Eider Field, a reservoir in block 211/16 to the north of North Cormorant containing an estimated 100m to 200m barrels of recoverable oil.

According to stockbrokers Wood, Mackenzie a development decision could be taken in 1981 or 1982. Eider's oil could be extracted either by means of a fixed steel platform or by subsea wells linked to North Cormorant.

It is understood, however, that feasibility studies for the group's South East Auk Field in the central sector of the North Sea are more advanced. This reservoir is thought to contain less than 50m barrels of recoverable oil.

Shell and Esso are considering installing a steel drilling frame—a template—on to the seabed as a prelude to a South East Auk development scheme which could cost about £100m. A decision to develop the field will probably be taken after an appraisal well has been drilled this summer.

Feasibility studies have also started into the possible development of the group's Tern Field north of Cormorant.

Shell and Esso name all their North Sea fields after sea birds. Following its choice of Eider for the 211/16 reservoir it is thought in the industry that the next Shell/Esso discovery will be named Gannet.

Britain moving closer to self-sufficiency

BY RAY DAFTER, ENERGY EDITOR

OIL PRODUCTION figures from the North Sea show the UK has moved closer to oil self-sufficiency.

Crude production in January was 6.63m tonnes as against 6.38m tonne mscbe.erDneiet 6.38m tonnes in December, according to the Department of Energy.

In January 14 UK offshore fields produced oil at an average rate of 1.6m barrels a day, almost 100,000 b/d more than in the previous month. Onshore wells maintained their monthly output of about 12,000 tonnes (2,865b/d).

Last year UK fields yielded 77.7m tonnes of oil and gas liquids—about 80 per cent of Britain's oil consumption. Self-sufficiency is expected later this year, although within the Energy Department it is not expected that 1980 production will reach demand levels.

On the basis of current estimates UK oil production this year should be 83m-85m tonnes. Demand should be between 90m-95m tonnes.

The smaller independent oil companies are expected to gain a better spread of exploration acreage under the forthcoming seventh round of licences, according to a report by stockbrokers Scott, Goff, Hancock and Company.

The report, The Small Oil Companies—A New Decade, points out that the Government is likely to encourage participation of independents in future licences. Energy Ministers have made it clear that British consortia will receive favourable consideration in the seventh round.

As a result, says the report, foreign companies would seek small UK companies as members of their consortia to improve their prospects of gaining new awards.

Small independent companes already held a wide spread of exploration acreage on short in the UK. Cheap drilling and development costs, coupled with rising prices, meant small finds of just 5m-10m barrels recoverable reserves could be commercially attractive.

Relaxation of ban by Lloyd's may aid mergers

By John Moore

THERE COULD BE more takeover approaches made to large publicly quoted insurance brokers if Lloyd's of London relaxed its rule limiting ownership of its approved insurance brokers by insurance interests outside its market.

The suggestion has been made by stockbrokers Sheppards and Chase, one of the leading analysts of the insurance broking sector.

Their observations were made as they published their 1980 insurance brokers survey. They said that given any agreement by Lloyd's to foreign control of UK insurance brokers, all quoted brokers in the sector except Sedgwick Forbes Bland Payne; Stenhouse; and Willis Faber could receive an approach.

● Policy Holder Magazine, the insurance journal, has urged that while the Lloyd's ruling committee should be "men of the market," Lloyd's may need a stronger executive team.

The paper urges that while a chairman of Lloyd's should come from within the market, more professional executives should serve, advise and monitor the market.

Apology to Lord Napier

MR. PETER GREEN, chairman of Lloyd's, has apologised to Lord Napier and Ettrick, private secretary, comptroller and equerry to HRH Princess Margaret and a member of the troubled Sasse underwriting syndicate, for embarrassment which may have been caused by the issue of a public statement on the Sasse affair last September.

Last September Lloyd's had instituted legal proceedings against a number of members of the syndicate, to complete the annual audit which all members of Lloyd's have to satisfy.

Disputes surrounding the Sasse syndicate had held up the completion of the whole market's audit. Lloyd's alleged that some members of the syndicate had "indicated a reluctance to comply" with the Lloyd's audit requirement.

Lord Napier said through his lawyers that he had not indicated a reluctance to comply with the audit requirements. Rather, he was reserving his rights to say that those payments are obligations which he cannot, legally, be called upon to make. He has honoured and will honour all legal obligations on him.

Lloyd's is being sued by 38 members of the syndicate, including Lord Napier, who are disputing their liabilities arising from a large part of over £20m of losses which have hit the syndicate.

Ladbroke judgment deferred

BY ANDREW FISHER

JUDGMENT on Ladbroke Group's attempt to win back licences for its three Mayfair casinos was deferred yesterday by two High Court judges, who said time was needed to consider their decision.

Two Ladbroke subsidiaries, Ladup and Hyde Park Casinos, have applied for a review of the refusal by the Knightsbridge Crown Court in December to revoke the withdrawal of the licences.

Ladbroke closed the three casinos—the Hertford Club, the Hyde Park Casino and the Ladbroke Club — after the court decided South Westminster magistrates had been right not to renew the licences last summer because of past misconduct in their operation.

Counsel for the Ladbroke companies, Mr. John Mathew, QC, said the Knightsbridge judges, headed by Mr. Justice Friend, had not taken proper account of the subsequent restructuring of the casino business under a new subsidiary, City and Provincial Gaming Holdings.

But counsel for the police, the Gaming Board and Playboy Club, opposing the application, said the Knightsbridge court had not disregarded the new structure. It had found that this was not enough to offset the past behaviour of the casino companies.

Mr. Justice Mars-Jones, who heard the Ladbroke application with Lord Chief Justice Widgery, said yesterday there had been "deliberate, open and flagrant defiance" of the spirit and letter of the Gaming Act by Ladbroke's previous casino management.

Mr. Mathew countered by saying: "There is nothing disgraceful in the new management trying to put things right."

If Ladbroke does not have its request for a judicial review granted, it can ask for leave to go to the Appeal Court.

But if the High Court judges, who heard the request in the Queen's Bench Divisional Court, find in Ladbroke's favour and return the case to the Crown Court, the objectors to renewal of the licences can also appeal.

On the Knightsbridge court's attitude to the restructuring, Mr. Simon Tuckey, representing the Gaming Board, said: "It is a gross simplification to suggest that the case proceeded on the basis that the management as at the end of the appeal was completely untainted."

It was not only the past behaviour of Ladbroke's casino division up to mid-1978 that had been considered at Knightsbridge, he said. "Some of the most objectionable behaviour was after that date," he added, and complaints had included the way in which the appeal had been conducted.

Energy consumption at record level

BY OUR ENERGY STAFF

ENERGY consumption in the UK reached a record level last year, according to the Government's latest Energy Trends statistics, published yesterday. Much of the additional demand was the result of cold weather early in the year.

Consumption on a primary fuel input basis was 354m tonnes of coal equivalent (mtce), an increase of 14 mtce or 4.2 per cent on 1978. The consumption level just exceeded the previous record level of 353.5 mtce set in 1973.

However, when the figures are temperature variations it is seen that last year's consumption of 349 mtce compares favourably with the 1973 level of 354 mtce.

During the last quarter of last year total energy consumption rose by only 0.8 per cent, a much lower increase than that recorded for the year as a whole.

Oil consumption dropped by 5.4 per cent in the last quarter as against the final three months of 1978, while coal and natural gas consumption rose by 3.4 and 6.6 per cent respectively.

● NEWS ANALYSIS—LYNTON McLAIN ON A REPORT TO BRUSSELS

Channel plans 'may all pay'

COOPERS AND LYBRAND Associates, the UK management consultants, and SETEC Economie of France have told the European Commission in Brussels that all proposals for fixed links across the Channel could be viable.

Their conclusion will have widespread political implications and may help force Britain, perhaps against its will, to support a fixed Channel link.

A positive decision on a link is wanted urgently by the European Commission as a means of showing that the "Community interest" can be served by sweeping transport infrastructure plans.

However, the British Government, though still undecided about its policy towards a link, is worried that EEC funds might not be available for a link. Britain would then be left to pay its whole share of the bill, particularly if a British Rail proposal for a link is chosen.

Nine schemes were examined by the consultants in a £136,000 study financed by the commission as part of its moves towards an EEC "transport infrastructure plan."

A double-track tunnel "would appear to be the most profitable scheme," the consultants say in their report. They add, however, that no detailed studies on a double-track tunnel have been carried out since 1975, when the Government dropped the idea because of the rising cost of the rail link to London.

British Rail and French railways, the original participants in the double-track proposal, no longer favour the idea. Their proposal calls only for a limited-use, single-track, rail-only tunnel.

Nevertheless, the Coopers and Lybrand Associates' final report, which the commission expects to publish soon, says the single-track tunnel is potentially a "very profitable alternative."

The consultants say the £650m investment proposed by British Rail and French railways for a single-track tunnel might yield a 14.3 per cent return on capital, based on a 50-year tunnel life. Up to the end of the century, the tunnel would yield 10.9 per cent return, the same as the consultants forecast for the double-track tunnel over the period.

Those figures contrast with the 15 per cent return forecast by the railways in their proposal last April.

Other figures being considered by the Government show that the British Rail forecast is wildly optimistic. It may be four times too high.

That may prove one of the main factors in determining the Government's initial response to the BR proposal.

Mr. Norman Fowler, Transport Minister, has seen the initial comments of Sir Alec Cairncross, his adviser on the BR proposals.

He may make a statement on Government policy on the Channel link at the next transport question session in the House of Commons, on March 19.

A high rate of return is regarded as essential for the success of any Channel link. Uncertainty over the BR estimate might lead the Government to ask for much more detailed work before it commits itself.

Even Coopers and Lybrand Associates regard their conclusions as "provisional and unreliable until further work has been carried out."

In particular, the consultants say, the conclusions depend on statements by the proponents of the schemes, which the consultants were not asked to investigate. The conclusions also depend on the assumptions behind the forecasts for passenger and freight demand.

The Government may be studying the impact of a Channel tunnel on BR as a whole.

A "corporate impact study" by BR has shown that its Sealink ferries would lose two years' growth and stagnate for the initial period of operation of a tunnel.

The Coopers and Lybrand Associates' study in favour of a double-track tunnel assumes that it will be used by 11m tonnes of freight by the year 2000 BR's estimate is 8m tonnes and the Government is understood to be working on the assumption—one of a number—that only half that would be carried through the BR tunnel.

Another vital factor that BR and French railways assumed in their joint forecast of a 15 per cent return is a dramatic fall in continental freight costs by the end of the century.

French railways has assumed that those costs will fall by 15 per cent in real terms as a result of new technology. BR's freight costs, on the other hand, are assumed to remain constant.

The consultants' report says a case may exist for building a double-track tunnel in two stages. That would involve an initial single-track tunnel built to a 7-metre gauge, rather than the 6 metres proposed for the single-track tunnel.

Later investment in a second tunnel might be accompanied by terminal facilities for roll-on, roll-off lorry traffic.

The report adds that a bridge, as well as the second tunnel, may be viable in the future. A double-track tunnel would have an "adverse environmental impact."

Analysts more bullish on Budget

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CITY ANALYSTS have become more bullish in the last fortnight about public sector borrowing in 1980-81 and hence about the Budget and financial markets this year.

Barclays Bank economists say in the latest edition of the bank's financial survey the combination of a backlog of tax and telephone payments, further public spending cuts, cash limits and public sector asset sales should bring estimated borrowing for 1980-81 to about £8½bn to £9bn.

This is before taking account of any specific Budget changes or increase in income tax allowances and specific customs and excise duties in line with inflation.

The survey notes that, as the Chancellor will not want borrowing to rise much above this level, further action in the Budget will need to be finely balanced.

Stockbrokers Wood Mackenzie and Company is optimistic that borrowing can be held to £9bn without serious deflationary measures.

Public sector comparability payments are an adverse influence, but their impact should be offset by lower public spending and higher value added tax and North Sea revenues.

Brokers Simon Coates says: "It is not even necessary to rely on heroic assumptions about the contents of the forthcoming public expenditure White Paper and the value of public sector assets put up for sale in the next 12 months to demonstrate that 1980-81 borrowing of around £8½bn is well within reach."

Broadly the same conclusion is reached by brokers Montagu Loebl Stanley and Company which suggest that, on present policies, 1980-81 borrowing should be about £9½bn.

All these estimates are based on slightly different working assumptions. But they all accord with the latest Treasury forecasts reported in yesterday's Financial Times.

These indicate that, after taking account of recently agreed spending cuts and a cash limit squeeze, borrowing will be about £8½bn on unchanged policies. This assumes increases in personal allowances and specific customs duties in line with inflation.

The Barclays review is also bullish about financial prospects. It says the disappointing January money supply figures were the result of statistical oddities, temporary factors and, above all, official policy in the foreign exchange market.

As U.S. interest rate policy should now take upward pressure off the pound, Barclays expects a marked deceleration of monetary growth, which, in turn, would justify a reduction in minimum lending rate.

The review says if its analysis that money supply growth will slow down satisfactorily from now on is correct, then "the discomfort caused by the corset will be to even less purpose than it is now. Its removal should be part of any new arrangements for controlling the money supply which the overdue consultative paper might suggest."

Top watch price is £15,000

SALEROOM

BY ANTONY THORNCROFT

TOP price in a clock and watch sale at Sotheby's yesterday was £15,000 for a Lang Sohne gold hunting case minute repeating watch. This was plus the 11.5 per cent buyer's premium and VAT.

An early 19th-century gold watch made by Ilbery of London for the Chinese market sold for £13,000. A late 1680s bracket clock by Joseph Knibb of London fetched £11,500.

Among jewels, an emerald and diamond cluster ring went for £17,000, while a pair of diamond pendant earrings fetched £15,000.

In the studio ceramics sale at Sotheby's Belgravia, a Californian collector paid £1,300 for a Royal Doulton "Sung" vase painted about 1930 by Arthur Eaton. A similar sum was paid for a "Chang" vase of the same period by Charles Noke and Harry Nixon.

At Lawrence of Crewkerne, 11 square dishes in the Japanese kenzan style realised £6,500.

Japanese lens plant for Wales

By Robin Reeves, Welsh Correspondent

JAPANESE-OWNED Hoya Lens, which makes lenses for spectacles, cameras and binoculars, will establish a manufacturing laboratory in Wrexham. It will be the seventh Japanese company to manufacture in Wales and the first in North Wales.

The £1.8m unit will open in August and specialise in supplying spectacle lenses to ophthalmic prescription. The company plans to handle 300 prescriptions a day to start with, building up to 1,000. There will be jobs for 50 to 60 people, rising to 100 over three years.

Hoya established a sales office in the UK in September 1977 and has until now telexed ophthalmic prescription orders to Japan.

Although these orders are fulfilled within 24 hours and air-freighted back, the company says customs clearance and postal delays prompted it to open a UK processing facility.

The Wrexham plant, Hoya's tenth production unit outside Japan, will also act as a supply base for the European market outside West Germany and Scandinavia, and eventually for Africa.

The Welsh Development Corporation said yesterday that at least another 10 to 12 Japanese companies were showing an interest in setting up production facilities there.

Soho housing project opens

THE DUKE of Edinburgh opened a housing project in Soho yesterday. The 12 flats project in Meard Street, which cost £400,000, is the work of the Soho Housing Association.

'No danger' from nuclear silo leak at Windscale

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITISH Nuclear Fuels need take no immediate action to prevent radio-active water continuing to leak from a storage silo at its Windscale factory in Cumbria, the Government's chief nuclear inspector has decided.

He believes that about 50,000 curies of radio-activity have already leaked out. The seepage will have to be kept under close surveillance and the company will have to prepare plans for emergency action.

The nuclear inspector, Mr. Ronald Gausden, says in his report, published yesterday, that there is "no present danger and therefore no need for urgent or immediate action to safeguard workers on the site or the public."

He does not believe that radio-activity will spread far beyond the vicinity of the silo over the next few years.

The leak was first discovered in 1976. It was an important factor in the government's decision to hold a full-scale public inquiry into the company's plans for a big new reprocessing plant at Windscale.

But the inspector's report suggests that the leak may first have occurred in 1972. The flawed facility is a large concrete storage vessel, designed to receive the magnesium alloy fuel cans peeled from spent nuclear fuel from Magnox reactors

The magnesium alloy (Magnox) is highly inflammable and is therefore stored under water. When first measured, this radio-active water appeared to be leaking at the rate of about 3 cubic metres per day. Since mid-summer 1978, the seepage has been only one-quarter this rate.

The report says that most of the radio-activity which can leak from the silo has now escaped "and appears to be firmly fixed in the soil near the silo."

The inspector wants British Nuclear Fuels to develop methods of retrieving material from the leaky silo and then to empty the silo as soon as possible. He has also called for contingency plans to seal the silo from inside, and to construct a curtain wall round the silo area.

● One of the groups opposed to the British Nuclear Fuels plan to raise the level of Wastwater, providing more water for the Windscale plant, yesterday wrote to Mrs. Thatcher and all MPs asking for support.

The Wasdale defence campaign, organised by the 45 farmers living in the valley beside Wastwater, has already collecting over 21,000 signatures opposing BNF's application.

Job law 'curbs small companies'

BY LORNE BARLING

THE MOST serious constraint on small businesses at present is the Employment Protection Act, according to a survey carried out by the Association of Independent Businesses and the Investors' Chronicle.

Nearly 14 per cent of respondents in a survey which examined the views of 300 small companies said the abolition of the act was the most important single change needed to stimulate the development of the small business sector.

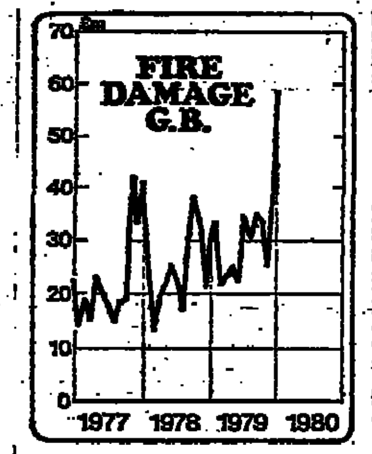
Slightly fewer than 10 per cent believed a reduction in interest rates was most important, followed by 6.6 per cent wanting a reduction in corporation tax. Other problems, in order of severity, were capital transfer tax, paperwork and bureaucracy.

Although 33 per cent of small businesses questioned now have stronger order books than at the same time last year, 54 per cent reported higher output in the last quarter of 1979 compared with a year earlier.

However, 36.5 per cent claimed that the present level of interest rates was affecting their expansion plans for this year, and almost half said their investment plans would be hit if interest rates remained at their present level throughout the year.

Some 60 per cent of companies believed they had benefited from last year's cut in income tax, and there was evidence that they are experiencing a decrease in paperwork as a result of Government policy.

The survey indicated that less than 50 per cent of small businesses make use of bank overdrafts or outside finance, and the rest are mostly self financing. Of those which did borrow last year, more than 75 per cent chose bank loans.



Fire costs set record of £58.5m

By Eric Short

THE FIRE at British Aerospace's warehouse in Waybridge, Surrey, on January 27, caused damage estimated at £27.5m and sent fire damage costs for the month soaring to a record of £58.5m.

The store contained a complete range of aircraft spares, excluding engine parts.

The British Insurance Association, which issued these figures yesterday, said the fire was the largest single damage claim since the Flixborough explosion in June, 1974, which caused £36m in damage and contributed to the previous highest monthly total of £57.5m.

However, even if this damage is excluded, the remaining fire damage costs would have exceeded £30m—although there was only one other major fire, at the furniture store of Waring and Gillow in Leeds, costing nearly £2.1m The figure of £30m would have been down on the December level, but higher than costs in the previous January thus continuing the rising trend in costs.

In January, there were 16 other large fires causing damage between £250,000 and £1m and 81 fires costing more than £35,000.

Builders offer 14% wage rise

BY NICK GARNETT, LABOUR STAFF

CONSTRUCTION employers yesterday offered building and civil engineering workers a 14 per cent increase in minimum earnings as part of a pay-and-conditions package by which they are seeking changes to raise productivity.

Employers estimate the offer, which affects 700,000-800,000 workers, would add 15-16 per cent to the industry's wage bill, with overall earnings of some craftsmen increasing 20 per cent or more but some other groups receiving marginally less than a 14 per cent rise.

The four construction unions which are seeking increases of up to 25 per cent are studying the offer which is due for settlement at the end of June.

Mr. Les Wood, general secretary of the Union of Construction, Allied Trades and Technicians, said it was "extremely disappointing" and he would not be recommending it to his executive. He estimated that it meant a rise of 12-14 per cent for the majority of workers with up to 17 per cent for the rest.

His union would, however, look carefully at the productivity proposals.

Mr. George Henderson, Transport and General Workers Union national construction secretary, said the offer was unacceptable.

The employers are almost certainly prepared to make some improvements in the offer, although the extent to which they will do that will be governed by the attitude of the unions to the productivity proposals in the package.

The employers' response stressed the poor economic climate for the industry, that the claim was unrealistic and emphasised the need to achieve productivity improvements, mainly through better site attendance.

The main proposal is that workers should be available for work throughout normal operating hours to qualify for holiday pay. The employers are offering to discuss drawing up a joint code of conduct to see this is carried out fairly.

The offer involves a significant alteration to the industry's pay structure.

The unions had been seeking full consolidation of the joint board supplement and the guaranteed minimum bonus.

Employers said this would be far too costly. They agreed, however, to drop the joint board supplement altogether coupled with a 26 per cent increase in the basic rate and an enlarged guaranteed minimum bonus which would be a bigger element of the pay structure than at present.

For craftsmen the basic wage would be increased from £51.60 to £65, the guaranteed minimum bonus from £7 to £11.40 and consequently the guaranteed minimum pay from £67 to £76.40.

For labourers the basic wage would rise under the offer from £44 to £55.40, the guaranteed minimum bonus from £6 to £9.80 and the guaranteed minimum from £57.20 to £65.20.

The employers rejected a claim for a cut in the existing 40-hour week. They also turned down demands for an extra week's holiday, higher overtime premia and an industry pension scheme although they offered to explore the possibilities of a lump sum retirement payment.

They also intend making proposals for new health provisions for the industry.

Tories keep closed shop amendments

BY OUR LABOUR EDITOR

THE GOVERNMENT yesterday comfortably fended off Opposition attempts to revise the so-called "conscience clause" in its closed shop amendments.

But Mr. Patrick Mayhew, Under-Secretary at the Department of Employment, accepted one small change to the wording of this part of the Employment Bill, now in committee stage.

The relevant clause of the Bill says that dismissal of workers who object to joining trade unions in closed shops would be regarded as unfair if they object "on grounds of conscience or other deeply held personal conviction to being a member of any trade union whatsoever or of a particular trade union."

Labour's accepted amendment stipulates that the objection must be "genuine."

Led by Mr. Harold Walker, former Minister of State at the Department of Employment, the Labour side of the committee objected to the proposed widening of the conscience clause, warning that it could lead to the formation of breakaway unions and further fragmentation of British collective bargaining.

They focused on provisions which would allow workers to object to joining a particular union, and quoted the misgivings of the Engineering Employers' Federation on the proposal. But an amendment intended to narrow the conscience clause was defeated by 13 to 9.

Much of yesterday's argument in committee turned on the competence of industrial tribunals which adjudicate in unfair dismissal cases to arrive at a view on the state of a person's conscience.

Cases of conscientious objection as defined by the Government would be comparatively rare, Mr. Mayhew said, rejecting the Opposition's warning.

GMWU in Sunderland against shipbuilders' offer

BRITISH SHIPBUILDERS' 11.5 per cent pay offer was rejected by 1,100 General and Municipal Workers' Union members at Sunderland Shipbuilders yesterday.

Confederation of Shipbuilding and Engineering Unions' negotiators agreed to recommend the offer on February 13.

Mr. Bill Porter, regional official of the GMWU, one of the constituent unions, said: "The men overwhelmingly rejected it and were violently opposed to it."

The package was rejected after a national delegate conference recommended throwing it out. Mr. Porter said that if union members affected in the rest of the country followed Sunderland's example, "the next step will be to recall the conference and present a new document to British Shipbuilders."

Mr. Porter said that among the reasons for recommending rejection were "unfair" ex-gratia payments to shipyard workers in compensation for switching their settlement date from January 1 to April 1.

GMWU members at Doxford Engines in Sunderland have already voted to reject the deal, as have the union's members at Sunderland Forge.

Mass GMWU meetings are planned to vote on the offer at shipbuilders Austin and Pickersgill, and at the Tyne Ship Repair Group next week.

TASS, the clerical section of the Amalgamated Union of Engineering Workers is to hold a delegate conference in Newcastle next month to discuss the offer.

Barclays refuses union procedures

By Gareth Griffiths, Labour Staff

BARCLAYS BANK has refused to sign a formal procedure agreement with the Banking, Insurance and Finance Union.

Since withdrawing from joint negotiating with staff associations in the clearing banks more than two years ago, the union has been trying to negotiate new agreements for its members.

It has succeeded at the Midland, Lloyd's and Williams and Glyn's. Talks are under way at National Westminster.

Mr. Leif Mills, general secretary, said Barclay's management had been unhelpful. The bank said yesterday that a new formal agreement would be inappropriate because of the volatile nature of bank staff representation.

Clearing bank staff associations are currently discussing the possibility of a joint union, and the unofficial managers' committee at Barclays is considering forming a separate union.

Hours claim by chemical workers

By Our Labour Staff

A PAY CLAIM stressing shorter working hours was submitted yesterday on behalf of 60,000 workers in the chemicals industry.

The claim, which also calls for a £70 national basic minimum rate, emphasises that the unions this year will not accept a refusal to implement shorter working hours.

That part of the claim is coupled with a demand for a formal joint overtime limitation agreement, an issue which is controversial among union members.

The claim, presented to officials of the Chemical Industries Association, seeks double time for night shifts, a review of shift-work patterns and improved holiday entitlement with payment at time and a-half.

The General and Municipal Workers' Union has stressed need for overtime limitation agreements more than other chemical unions. It seeks such agreements throughout the industry.

Similar claims to that presented yesterday at the Chemical and Allied Industries Joint Industrial Council will be made to drug and fine chemical employers covering nearly 20,000 wokers next week.

AUEW talks on sacked researchers

By Our Labour Correspondent

Amalgamated Union of Engineering Workers senior staff met executive members yesterday to discuss dismissal by the union of two research officers last week.

The executive gave no indication that it would be prepared to reinstate the two men, who lost their jobs after preparing material for Mr. Bob Wright, the union's Left-wing assistant general secretary. The material was critical of the Right-wing AUEW executive.

Supporters of the dismissed men claimed yesterday that two AUEW district committees had already passed resolutions criticising the action against them.

China clay pay agreement

PRODUCTION workers in the Cornwall china clay industry have accepted increases of between 16.6 per cent and 17 per cent to give a minimum of £70 a week. Some 3,000 men are involved, 90 per cent of them employed by the St. Austell based English China Clays Company.

Optimism on Welsh steel jobs

BY ROBIN REEVES, WELSH CORRESPONDENT

WALES TUC leaders are cautiously optimistic after their discussions with Sir Keith Joseph, the Industry Secretary, earlier this week.

They point out he is politically bound to maintain a hard-line approach against interfering in British Steel Corporation's rapid demanning plans as long as the steel strike continues.

But they insis the was impressed by their argument that mass steel and coal redundancies over a few months will plunge the Welsh economy into a decline from which it will take to recover.

The trade unions have also found a powerful European ally in their demand for a slower rundown. The Brussels Commission thinks three years, rather than six months, is more reasonable for shedding 52,000 jobs in BSC. It also has proposals for giving temporary financial aid to slow redundancies.

Both Mr. Bob Echoley, BSC's chief executive, and the steel trade union leaders have agreed to discuss the problem in detail with Viscount Etienne d'Avignon and Mr. Henk Vredeling, the Industry and Social Affairs Commissioners.

The aim is to establish whether BSC's plan to cut capacity to 15m tonnes, or lower, fits in with the EEC's overall steel restructuring pattern and objectives. If so, might it be achieved less painfully.

The proposals attracting particular trade union interest are temporary subsidies to offset the effect on take-home pay of reduced working time, shifts and/or overtime. They would allow BSC to reduce its wages to prospective redundant workers by up to 25 per cent, the difference being made up by a joint contribution from European Coal and Steel Community funds and national exchequer funds for a maximum of three years.

For the unions, the idea has the added attraction that, if BSC has got its forecasts wrong again and there is a market recovery, steel workforces will have been kept together.

BSC is more interested in another aspect of the proposals —50 per cent aid towards early retirement.

ITN wins journalism awards

INDEPENDENT Television News has won two awards and a commendation in the Royal Television Society's journalism awards for 1979. Robert Hammond was named Cameraman of the Year. The programme on the Pope's tour of Poland, took the news feature award and Attack on Jinja was given a special commendation; both were reported by Jon Snow.

Mr. Hammond's portfolio included coverage of rioting in Tehran, the Greenpeace organisation's attempts to stop nuclear-waste dumping at sea, and winter snow chaos on the A20 in January 1979.

UK NEWS—PARLIAMENT and POLITICS

Anger over Rhodesia election statement

LABOUR BACKBENCHERS reacted angrily when the Prime Minister told the Commons yesterday that the candidate who wins the most seats in the Rhodesia elections will not necessarily be the next leader of the country.

Explaining what she called the constitutional position, Mrs. Thatcher said: "If a party does not win a clear majority, the Constitution requires the Governor to appoint the person, who in his judgment, is best able to command the support of a majority."

It was for the leaders of the parties fighting the election to decide what coalition to form. That was the Constitution, she said.

Mrs. Thatcher was replying to Mr. Andrew Faulds (Lab., Warley East) who had asked her to instruct Lord Soames, the Governor, that after the elections were declared he should summon the man whose party had won the most seats to form the Government.

Mrs. Thatcher said that that was not quite the constitutional position, unless a particular party had won a clear majority. On speculation that Lord Soames might be kept in Rhodesia after the election, Mrs. Thatcher said she would expect the Governor to stay there until the new Government was formed.

But she added: "I would not expect him to stay very much after that."

Whitelaw on prisons

THE GOVERNMENT is to announce a substantial re-organisation of Britain's prisons shortly after Easter, Mr. William Whitelaw, Home Secretary, said in the Commons yesterday.

The Government had promised a re-organisation of the service following the publication of the May Report on prison reform, he told MPs.

Mr. Whitelaw was answering Mr. Alfred Dubs (Lab., Battersea S) who asked what the Government was doing to relieve gross overcrowding in prisons.

Mr. Whitelaw said: "I accept there is a problem, which has affected successive Home Secretaries.

"I have put forward proposals which will be announced after Easter, as we have got to make a substantial change in the prison service."

Whisky ruling

THE GOVERNMENT has welcomed the decision by the EEC Court of Justice in Luxembourg that France, Ireland, Italy and Denmark end their discrimination against Scotch whisky exports.

Mr. Peter Walker, Agriculture Minister, said yesterday the Government was delighted that the European Court had confirmed "that the blatant and long-standing discrimination against imported spirit drinks, especially Scotch whisky, is illegal."

The Government expects the countries concerned to speedily comply with the judgment. The court's ruling only has moral force, although whisky producers are hoping for a big expansion in demand. Exports to France, Italy, Denmark and Ireland last year accounted for about 12 per cent of total exports of Scotch whisky.

Mr. Walker is expected to raise the court decision next Wednesday at a meeting in Paris with his French opposite number. France is the third largest overseas market for Scotch whisky. The European Commission will be expected to apply pressure on the four countries generally, the Ministry said.

Time to change course—Callaghan

BY IVOR OWEN

DOUBTS WITHIN the Cabinet and among Conservative backbenchers about the effectiveness of the Government's rigid adherence to monetarist policies were cited by Mr. James Callaghan when he launched the Opposition's "no confidence" attack on the Government in the Commons yesterday.

He called for a change of course and argued that next month's Budget should refrain "from the lunacy" of trying to squeeze the Public Sector Borrowing Requirement below this year's outturn.

In a hard-hitting speech, Mr. Callaghan placed much of the responsibility for the fact that in 10 months the monetarist's dream had turned into a "nightmare" on the Prime Minister herself.

To Labour cheers, he declared: "It may seem heroic to pose as the iron lady but it is not getting results either in the EEC or elsewhere."

Waving aside Tory protests, the Labour leader recalled the Prime Minister's failure to achieve the objectives she had set herself at the last EEC summit in Dublin.

Amid Labour cheers and laughter he scoffed: "She did not get very far—ninth in a nine-horse race."

Mr. Callaghan argued that as a result of Government policies, Britain's industries were "weakening and bleeding" and the social divisions in society were being recklessly widened.

No new government had so quickly thrown away the goodwill which was always accorded to a new administration.

Mr. Callaghan urged that greater account should be taken now of the relief which rising North Sea oil revenues would bring in the coming years to Britain's economic problems.

Intervention by the Government was needed to create new jobs and ease the problems of industry—including a slowing down of the pace of the contraction planned for the steel industry.

He pledged, amid further Labour cheers, "Until then we shall resolutely support the people who are trying to save their jobs if the only alternative facing them is to join lengthening dole queues in South Wales and elsewhere."

Mr. Callaghan told Tory interruptors that it was common ground that inflation must be brought under control.

"But to rely on monetary policy as your single or sole weapon is to have a totally disproportionate and adverse effect on output and on the growth of the economy."

The Labour leader protested that the negotiations over the steelworkers' pay claim had been "bungled from the very first derisory offer of 2 per cent" and suggested that mediation with both sides committed in advance to accepting the outcome, offered the best prospect of bringing the nine-week BSC strike to an end.

He predicted that the ballot which the BSC management was seeking to organise would prove inconclusive and maintained that mediation—with an independent mediator appointed by ACAS—would produce quicker results.

When Tory backbenchers shouted "Who will pay?" Mr. Callaghan retorted "If it involves a little more money it will be worth while."

After describing the present timetable for steel plant closures as socially irresponsible, he underlined the Opposition's view that the projected size of the industry planned by BSC was too small on which to base long-term needs for one of the core industries.

Export markets for steel should be kept and not surrendered, the capital reconstruction of BSC should be rapidly executed, and a fresh examination made of the effect of the run-down on coal production and pit closures, especially in South Wales.

Mr. Callaghan emphasised that the effect of Government policies in contributing to higher prices, growing interest rates and mortgage repayments, was hitting people in every walk of life.

While the Government bemoaned its economic inheritance, the fact was that it had made the situation worse, and the attainment of a solution more difficult

In the pride and arrogance of election victory, the Government had thought it could do without the unions. The result was that inflation had more than doubled in the last 12 months.

"Our charge against ministers is that their precipitent action and the policies they support have made a difficult situation very much worse."

To a roar of approving Labour cheers, Mr. Callaghan told Sir Keith Joseph, the Industry Secretary: "To call the trade unions a poison in society is unforgivable."

But he condemned the activities of "flying pickets" and warned: "The Labour movement will not support practices which intimidate working people or blockade factories."

There was derisive laughter from the Tory benches when Mr. Callaghan asserted that self-discipline and self-government was the best and only lasting guarantee of good industrial relations.

Mr. Callaghan urged that the codes of behaviour which the TUC agreed with the Labour Government should be observed and told jeering Tories that if discipline broke down, as it did in the winter of last year, "you must start again."

He told Sir Geoffrey Howe, the Chancellor of the Exchequer: "The charge against you is that your policy is a gigantic gamble with the jobs and livelihood of our people."

CALLAGHAN: "The monetarist's dream had turned into a nightmare."

Mood of realism is spreading—PM

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THATCHER: "Determined to redress the balance of power away from the unions."

THE GOVERNMENT is determined to stick to its firm monetary policies and has already achieved a good measure of success in carrying out its election pledges, the Prime Minister told the Commons last night in reply to the Labour motion of no confidence.

"We are facing Britain's long-standing and deep-rooted problems with firmness and realism—which is exactly what the British people want," she declared.

"Attitudes are changing—as we have seen at Sheerness, Hadfields, British Leyland and South Wales—and the mood of realism spreading fast."

Mrs. Thatcher issued a strong warning to private businesses that interest rates will stay high if they continue to pay settlements which they cannot possibly afford.

She emphasised, also, that the Government was determined to redress the balance of power away from the trade unions and in favour of the individual.

She was cool towards a suggestion from Mr. James Callaghan, the Opposition leader, that the Advisory, Conciliation and Arbitration Service should mediate in the steel dispute and that its verdict should be binding. The unions, she said, had already turned down a proposal for mediation by ACAS.

She went on to emphasis that the Government was not prepared to continue funding the losses of the British Steel Corporation for the coming financial year.

Dealing with the Government's economic strategy, she said: "We are determined to bring the growth of the money supply down. There are only two ways of doing this—by reducing the burden of Government borrowing and by ensuring that borrowing by the private sector does not grow too fast.

"If one or the other is too high and if we are to achieve our monetary targets, interest rates inevitably have to rise. That is the situaiton we have been faced with."

The only sure way of attacking inflation was to keep money supply closely related to output. When had governments had not followed this simple rule inflation had resulted.

"It doesn't require A level economics or artificial labels like monetarism to understand this," she added sharply.

There was Labour laughter at this reference to a phrase that had been used by Mr. Julian Critchley (C. Aldershot) in his article in The Observer criticising her polices.

When the Government took office, she said, it was largely saddled with the Opposition's plans for the current financial year and had cut them back as far as it could—£1.5bn on programmes and £1bn on cash limits. Th erevised plans for 1980-81 and later years would be published in a few week's time and would show substantial cuts on Labour's plans.

Dealing with private sector borrowing she said: "In recent months companies have been borrowing to finance not only high stocks but pay settlements which they simply can't afford.

"If they go on doing so, interest rates will stay high, there will be less money available for new business and new jobs and companies will fail."

On the question of wage increases she said too many unions still seemed determined to make demands which would damage themselves and the community at large.

"That is why we are determined to redress the balance of power in our society—away from the trade unions and in favour of the individual, whether he is a member of a union, a consumer, producer or taxpayer."

The Labour Government, she said, had given the unions unprecedented new powers, but the people wanted a Government which was not subservient to any other group, however powerful. "Now they expect us to do what we were elected to do and not to be deflected by the fears or indignant cries of the Labour politicians," she said.

In a long passage Mrs. Thatcher dwelt on the question of trade union reform. Last winter, she said, the country had suffered "the deepest indignities and insults at the hands of militant trade unionists." As a result the standing of unions had seldom been lower in public esteem. The Labour Government had increased unions' legal powers until neither individuals nor industry had any legal redress.

"But as well as the right to strike, there is the right to work," she reminded MPs.

There was much heckling from the Labour benches as the Prime Minister defended the Government's industrial policy. It was essential to get a bigger gap between income in work and income out of work she maintained. The Government had restored the freedom of managers to manage and expected them to use it to improve the performance of industry.

Vaughan rejects London health service inquiry

BY ROBIN PAULEY

A DEMAND for a public inquiry into London's health service was rejected yesterday by Dr. Gerard Vaughan, Health Minister.

He said a further inquiry would be a great disservice to the city because it would delay planned reorganisation and put the service further behind the rest of the country.

Dr. Vaughan was speaking during the committee stage of the Health Services Bill in the Commons. Labour members of the committee, led by Mr. Roland Moyle, a former Health Minister, tabled an amendment demanding a public inquiry. They were supported by one Tory, Dr. Brian Mawhinney, a senior lecturer in medical physics at the Royal Free Hospital, London. But he abstained in the vote, giving the Tories a majority of one in rejecting the inquiry.

Abstained

Dr. Vaughan had argued that the advisory groups being set up to monitor the activities of health authorities would suffice. He said he would consider Dr. Mawhinney's request that the advisory group should sit in public.

Mr. Moyle said there would be more chaos and dissatisfaction in the city of the Minister did not pay more attention to the needs of the employees in the health service, who wanted to have a say in how the service was run.

Dr. Vaughan said Mr. Moyle's fears were misplaced. "The need in London is for a better health service as quickly as possible. An inquiry would delay that aim," he said.

Parliament next week

COMMONS

Monday: Companies Bill remaining stages. Road Traffic Accidents (Payments for Treatment) (England and Wales) Order.

Tuesday: Members' secretarial and research allowances. Proceedings on the Highlands and Islands Air Services (Scotland) Bill. Prevention of Terrorism (Continuance) Order.

Wednesday: Debate on Opposition motion on the damaging effect of Government cuts in employment and training opportunities when unemployment is rising steeply. Slaughter of Animals (Scotland) Bill. Remaining stages of the Reserve Forces Bill.

Thursday: New Hebrides Bill second reading. Proceedings on Consular Fees Bill, and on Police Negotiating Bill.

Friday: Private Members' Bills.

The slogan guaranteed to empty a crowded room

BY PHILIP RAWSTORNE

WHEN THE Government went on trial in the Commons yesterday, Mrs. Margaret Thatcher seemed a bit uncertain how to plead.

Mr. James Callaghan had accused her of causing grievous bodily harm to the nation—and it was a formidable indictment he mounted.

The Prime Minister's policies, he declared, were "weakening and bleeding" Britain's industries.

Social divisions were being recklessly widened by her harshness and stridency.

The Government had no mandate for these policies, Mr. Callaghan claimed. This was not how it had promised to behave.

"Cheer up, the Conservatives are coming," was a slogan now guaranteed to empty a crowded room in moments.

Mr. Callaghan was grateful that the Prime Minister had been unable to spend so little time with Professor Milton Friedman—"It might have saved us from much worse."

Monetarism in her hands was an offensive weapon and it was being wielded with devastating effect, he asserted.

She had to fight her way out of some difficulties he admitted. But did she need to lambast everyone and everything in sight — inflation, interest and mortgage rates, the balance of payments, exports and industrial investment.

What successes had she to show he demanded. The only conclusion is that she has lost control, he answered amid the silence.

No wonder the Cabinet was in disarray, Mr. Callaghan said. It knew that she would go much further yet.

Public spending cuts would have to be harsher if her policies were to work, he said. "Hear, hear," cried a group of Tory backbenchers.

Better listen instead to Mr. Heath's warnings about the inadequacies of the tough approach, Mr. Callaghan advised her.

For Labour would stand up for the weak, he challenged. It would restore confidence, co-operation and consensus.

The Tories cheered Mrs. Thatcher into the dock—but her speech rambled defensively rather than rang with the expected defiance.

The Government would not be deflected by fears or indignant cries, she declared stoutly in opening. It would not flinch from realities, she asserted robustly in closing.

But in between, Mrs. Thatcher entered several pleas of mitigation and even a few lame excuses.

The Conservative-governed 1950s appeared to be the root of the trouble—days when the country lived comfortably on its reputation instead of exercising its initiative, she said.

If there was to be a rough awakening—and she detected signs of returning consciousness—was that her fault entirely?

The Government had raised some prices, she admitted. But it could hardly be blamed for others. "Gas," Labour MPs yelled in derision.

Could a government that had paid the old age pensioners their bonus be uncaring Mrs. Thatcher asked.

"It is easy for politicians to win applause by postponing the day of reckoning," Mrs. Thatcher said, winning applause. "That is not kindness—it is self-indulgence and defeat."

Even her jokes began to falter. References to the untrustworthiness of Jim, drawn from Mrs. Barbara Castle's diary, were flung back across the Chamber at a blushing Mr. James Prior.

GLC call to legalise Citizens Band radio

BY ELINOR GOODMAN, LOBBY STAFF

THE GLC is expected to step up pressure on the Government to legalise Citizens Band radio. It is considering publishing a consultative document asking Londoners whether they would like ot be able to use the two way radios, now banned in Britain but a cult in the U.S.

Legalising Citizens Band would require action by the Home Office. As yet Ministers have taken no decision about legalising it. They seem to be attracted to the idea in principle on the grounds that it would be in line with the Conservative Party's belief in freedom—but they may be inhibited from giving the system the go ahead by the additional public spending involved.

Supporters of the system, who include the motor manufacturers and the radio industry, argue that licensing could make Citizens Band self financing. The Home Office, however, seems to take the view that legalising it would inevitably require extra civil servants to monitor the system.

Nevertheless, the GLC seems to feel that the Government may be susceptible to pressure. The idea of a consultative document will be put to the next meeting of the GLC's policy and resources committee.

The document has already been drafted. It is understood to argue the case for Citizens Band both in terms of the jobs that would be created in the manufacturing industry and in terms of the benefits to the community — particularly for the elderly who could use the radios to summon help when in need.

The Right-wing Monday Club has already taken up the cause of Citizens Band within the Conservative Party. Several other lobbies, representing various sections of manufacturing industry, are also at work.

Trade move

A BILL to protect Britain's trade interests from the laws of other countries—particularly the U.S.—was given an unopposed third reading and passed in the Lords yesterday.

Government spokesman Lord Mackay of Clashfern told peers that if arguments developed "with our closest friends" once the Protection of Trading Interests Bill became law "then we are ready for that."

He said: "The Government believes thhis is an important Bill in the way it reinforces our defences against any unjustifiable application against the UK trading interest of the laws and economic policies of other countries."

The Bill, which has completed its stages in the Commons, now awaits Royal Assent.

FOOD PRICE MOVEMENTS

	February 28 £	Week ago £	Month ago £
BACON†			
Danish A.1 per ton ...	1,230	1,230	1,270
British A.1 per ton ...	1,180	1,180	1,220
Ulster A.1 per ton......	1,180	1,180	1,220
BUTTER†			
NZ per 10 kg	14.80/14.97	14.80/14.97	14.20/14.37
English per 10 kg	18.57	18.57	18.57
Danish salted per 10 kg	19.18	19.18	19.18
CHEESE‡			
English cheddar	1,560/1,612	1,545	1,505/1,560
Irish cheddar	1,535.95	1,526.11	1,535.95
Danish cheddar	1,445	1,420	1,420
EGGS*			
Home produced:			
Size 4	4.40/4.60	4.30/4.50	4.60/4.80
Size 2	4.75/4.90	4.70/4.85	4.90/5.10
	February 28 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	63.0/67.0	64.0/68.0	64.0/68.0
Eire forequarters	46.0/49.0	46.0/49.0	48.0/50.0
LAMB			
English	56.0/70.0	50.0/64.0	44.0/58.0
NZ PLs/PMs	52.0/54.0	51.5/54.0	50.0/51.0
PORK			
All weights	36.0/49.0	36.0/49.0	37.0/50.0
POULTRY			
Oven-ready chickens ...	40.0/48.0	39.0/48.0	37.0/46.0

* London Egg Exchange price per 120 eggs. † Delivered.
‡ 20-kg rindless blocks delivered, per tonne.

● NEWS ANALYSIS—ARTHUR SANDLES REPORTS ON THE PLANNED BBC CUTS

Sackings only a symptom of the deeper problems

THERE IS an underlying concern within the ranks of BBC employees that Director General Mr. Ian Trethowan's chilling plans for economies are but the beginning of what threatens to be the worst two years of internal agony the Corporation has ever seen. The orchestra cuts are a highly emotive issue, but the clouds of argument they will produce should not disguise the deeper BBC problems of which the sacking of large numbers of musicians is only a symptom.

It is arguable that the BBC has wanted to reduce its musical ranks for years. That the present 27,700 BBC jobs include 551 directly involved in six orchestras has for a long time been seen by some in the Corporation as an imbalance. The orchestras have survived the axe and the tape recorder for so long simply because of a series of deals over needle time.

In order to keep pace with commercial rivals, the BBC has wanted to pack more and more recorded pop on to Radio One and Radio Two. The price has been the maintenance of full-time employment in the orchestras. But now it has been decided this price is simply too high.

But the fate of the musicians and other staff who will go as a result of the economy drive has not been decided in the past week alone. The real axe fell last autumn when the Government rejected proposals for a £40 colour TV licence and plumped instead for £34.

The £130m saving over a two-year period is almost exactly the amount of money that is represented by an additional £6 a year licence fee. It is inconceivable that the BBC did not spell out the likely consequences of this during the negotiations late last summer and similarly hardly possible that the Home Office failed to take heed and accept those consequences.

In real terms the BBC is having to trim its budget by something under 10 per cent—whether more or less depends on the rate that people convert from black and white to colour sets. And also on the rate of inflation.

Pessimists within the Corporation see little additional revenue from further conversions from monochrome to colour but do see substantial pay awards as a result of negotiations which will start within a few weeks.

With the BBC already more than £50m into its £100m borrowing limit and with no chance whatever of a further increase in the licence fee, any increased financial pressure will simply mean that more jobs will have to go.

An example of how this will work in practice can be found in radio. Network radio will have to save around 5 per cent in cuts. But this 5 per cent is based on planned budgets which themselves assumed inflation of at most 16.5 per cent and falling to 12.5 per cent. Thus, if the Trethowan guidelines are to be met, the saving in real terms in radio is going to be much more than 5 per cent.

The Corporation is, of course, making much of the hope that the cuts can be implemented without an impact on the viewer. While building work will be curtailed severely, spending on new technology is to go ahead as planned.

Whether the hope that the new poverty will not show on screen proves justified "will be for the viewer to judge," as one BBC man said yesterday. It is difficult to believe that low budget, small cast productions, simple-scened will not prove even more tempting to the Corporation

With competition from the commercial companies about to heighten, the BBC can ill-afford to cut off its programme face to spite its budgetary nose.

Indeed Mr. Trethowan says quite clearly that: "The quality of network television is obviously central to our first objective, satisfying the generality of licence payers, but it is also crucial in maintaining the unique reputation of our minority output.

"The two channel network television operation is the heart of the BBC's domestic services, and our first priority must be to sustain its effectiveness against a richer competitor who, in two years time will have a second, national channel. Thus one of the few developments we have left in the budget will enable us to provide a new home produced drama strand to reduce the number of U.S. imports."

Key factors in deciding whether or not the BBC will be able to maintain this effectiveness include: the overall rate of inflation; the decision of the central arbitration committee over comparability of BBC and ITV pay levels—a decision which could increase the BBC salary bill by anything between 5 and 15 per cent; the outcome of any subsequent pay claim; and the ability of the BBC to push through its proposal at the rate it wants. Unfortunately, among the prices which inevitably will have to be paid is a further overall lowering of BBC staff morale.

The one bright aspect for the Corporation is that the rival ITV network is not without its own money worries, and therefore may not be in a position to take advantage of BBC penury.

Oddly enough, however, the BBC cuts bring one broadcasting innovation somewhat nearer. There is no way the BBC could start breakfast television in the foreseeable future. Thus any commercial contractor who offers such fare will do so in the sure knowledge that there will be no alternative temptations on other channels.

ENERGY REVIEW: NUCLEAR TECHNOLOGY

BY DAVID FISHLOCK

U.S. go-slow on fast reactors

A PRETTY girl with flowers in her hair and a loaded pistol at her waist stands guard at the entrance of the world's latest nuclear reactor fuelled with plutonium. Behind her, beneath a 100-ft white dome dominating the grey sandy landscape, the £300m reactor has just passed its first big test of "achieving criticality," as the physicists say.

The muted manner in which this milestone was reached after more than 10 years of construction at Hanford in Washington state is testimony to the ambiguities in official U.S. policy on advanced nuclear reactors. The order went out from Washington DC, nearly 3,000 miles away, that America's latest temple to nuclear technology was not to be given publicity, even though its completion is a major engineering achievement and the reactor the only one of its kind in the world.

But this week Mr. Gerard Smith, the U.S. Government's senior spokesman on nuclear proliferation, told the final plenary conference of the International Nuclear Fuel Cycle Evaluation (INFCE) in Vienna that there was "no question that over the long term breeders could extend uranium resources *in a dramatic way.*" *His own* country was investing heavily in the fast breeder reactor, the ambassador said, "and in assessing the feasibility, economic and and proliferation implications of *its technology.*"

Big asset

Even for Britain, with its own large test-bed for fast reactor fuels and components at Dounreay in Scotland, access to the fast flux test facility (FFTF: which owes its name to its intense neutron radiation) on the edge of the Mojave Desert south-east of Seattle could be a big asset in developing the commercial fast breeder reactor. It is expected to carry out about 50 different experiments simultaneously. Top-level discussions on collaboration have been taking place between Westinghouse officials who built and manage the FFTF at the Hanford Engineering Development Laboratory and the UK Atomic Energy Authority. As a start, plutonium fuel is to be exchanged between the two teams.

But for the U.S. Government its latest reactor is another key step on the road to the commercial fast reactor; a ruinous road, as the present Administration has claimed with almost religious fervour. For three years President Jimmy Carter has striven to stop a companion project, the Clinch River demonstration fast reactor, also con*ceived in the 1960s as a test*bed for plutonium-fuelled reactor technology. He was prepared to suffer FFTF as part of the "base research" for fast reactors, but Clinch River—like *the Britain's Dounreay reactor* —comes uncomfortably close to being the real, commercial thing.

Three major investigations completed this year have all come to the conclusion that U.S. policy on the fast reactor is mistaken. The latest, released this week, was called for by President Carter himself. INFCE, in which a total of 46 *nations have participated in the* eight working groups, rejects U.S. arguments for postponing the commercial fast reactor and its associated plutonium technology until far into the future. But the U.S., in the word of a senior Washington government official, remains "agnostic" about the fast reactor. There is not the slightest sign that the President may be prepared to change his view on Clinch River or on the commercial refining of plutonium from spent nuclear fuel.

The FFTF differs in some significant ways from Britain's prototype fast reactor (PFR) at Dounreay. It is simpler in one respect, inasmuch as it is not designed to work as a power station but only as a high-powered testbed for fuel and reactor parts. When it reaches full power of 400 megawatts later this year, its nuclear heat will be discharged into the atmosphere. The reactor itself is cooled not by sitting it in a large pot of molten sodium metal, as is the Dounreay reactor, but by deluging the fuel core with sodium circulating through three massive loops. *In this respect the technology* is similar to that of the bitterly controversial Clinch River demonstration fast reactor, another key part of a broad U.S. research and development *strategy formulated in the 1960s* for developing commercial fast reactors. Dr. John Yasinsky, president of Westinghouse Hanford, calls it the "world's largest, most flexible and most *useful" apparatus for checking* the performance and reliability of fast reactor engineering.

Dr. Yasinsky says the way FFTF achieved criticality earlier this month was "just beautiful." Initial performance came within 5 per cent of calculations made by the physicists five years before. "It gives us confidence that we have a well understood reactor."

Any hopes that the culmination of the two-year International Nuclear Fuel Cycle Evaluation this week might lead to the U.S. Administration taking a more relaxed attitude towards commercial fast reactors and their plutonium fuel were dashed by the latest U.S. energy budget forecasts last month. The U.S. Government wants to cut its fast reactor *programme* by some $164m in 1981. President Carter's evident bitterness at the refusal of Congress for three successive *years to kill the Clinch River* project has taken a new and tougher turn.

The official White House line is that the U.S., with half the non-Communist world's known resources of uranium will have no need of commercial fast reactors before AD2025. It is prepared to spend heavily on the "base research" leading to safe and dependable fast reactors, but it wants to stop all attempts to demonstrate technology which could help produce a commercial design of reactor. This policy inevitably *has grave ambiguities.* The FFTF can and will be testing potentially commercial designs of fuel at full scale. Clinch River, on the other hand, is designed as an intermediate stage of fast reactor development. At 380MW of electricity it corresponds to France's Phenix and Britain's Dounreay, as prototype power stations roughly one-quarter the size of *a commercial plant.*

Hanford, home of the FFTF, is America's Windscale. The *first plutonium - producing* reactors were built at Hanford in 1943 and plutonium was refined there for the bomb dropped on Nagasaki. Today it is the heart of fast reactor research and development funded by the U.S. Department of Energy. A quarter-mile from FFTF the Department is funding a £110m fuels and materials examination facility, where the highly radio-active spent fuel and components from the reactor can be studied safely, and fresh fuel manufactured. This laboratory will have its own research reactor, a Triga, designed to generate powerful pulses of neutrons for neutron radiography.

But by 1984 the most impressive feature of this facility promises to be the extent to which it will rely on robotics to make, inspect and later dissect and analyse fuel and other experimental parts for fast reactors. FFTF fuel contains 25 per cent of plutonium. Many of its techniques have already been demonstrated at the main Hanford complex six miles away, where two complete fuel cores for FFTF—each designed to last for a year—have already been assembled and minutely inspected.

The aim, says Dr. Ersel Evans, technical director of the Westinghouse Hanford Company, is what they call secure automated fabrication. It could be an important step in ensuring that such nuclear fuel factories are safeguarded against the risk of plutonium being stolen or diverted to illicit use. Man will have minimal access to the plutonium fuel, and the materials will have minimal opportunity of escaping into the environment. Very sophisticated robots are being *developed* at Hanford for this plant, among them a machine armed with a battery of lasers, which automatically inspects, measures and weighs the pellets of plutonium *fuel. Another kind of robot is* being developed to peer deep into the opaque curtain of liquid sodium. It uses sonar to paint an electronic picture in three dimensions of components *still deeply immersed in sodium* coolant.

Time was, Mr. Robert Nalte, another vice-president of Westinghouse Hanford, says, when the management would joke with its visitors about nuclear safety. They would look across the broad expanse of the nearby Columbia River, which cools the Hanford reactors, and comment on the blue glow.

Hanford, with a catchment including more than 100,000 people, was founded on the nuclear industry, and can probably claim longer familiarity *with nuclear technology—and* moreover with some of its most troublesome facets—than any place on earth. Attempts to foment hostility to nuclear energy in this sprawling community have proved a complete failure so far. [illegible] political [illegible] in Washington D.C. to [illegible] the FFTF from [illegible] professionals of Hanford that the time for [illegible].

Although [illegible] has been allocated for the operation of FFTF in the Government's energy budget forecasts for 1980-81, there are those in Washington who believe that it could be shut soon after if the new Administration's policy towards the fast reactor does not radically change. It is also clear that, in spite of the INFCE and its recognition of the potential for the fast reactor as the most productive of all energy-conserving technologies, there is no sign yet that the Carter Administration itself is about to reverse direction of U.S. policy, or concede defeat to Congress over Clinch River.

Logical step

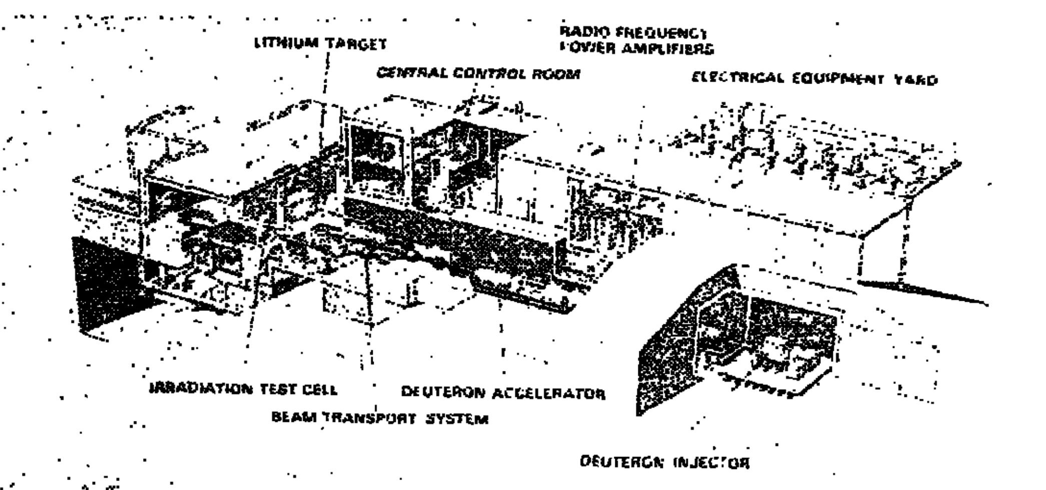
Yet the fast reactor experts remain [illegible] that the Clinch River project is still the next logical step in the research, development and demonstration [illegible]. They [illegible] White *House* charges that it is already obsolescent — a [illegible] turkey" as Americans say. Dr. Peter Murray, formerly assistant director of [illegible] house's [illegible] summer's [illegible] by the Government's General Accounting Office, which found that the project was not technically obsolescent and its intermediate size is a [illegible] and prudent step in developing liquid metal fast breeder technology." The GAO report said bluntly that terminating the project "accomplishes very little in the area of nuclear non-proliferation."

Technologically, according to Dr. Murray, Clinch River will have "the most advanced core in the world." The heterogeneous core was designed in his research centre. *Nonfissile* uranium-238 fuel assemblies are interspersed right into the heart of the reactor for transmutation into plutonium. In this way, Dr. Murray claims, a significantly faster rate of breeding of new plutonium fuel can be sustained.

One of the greatest challenges of fast reactor technology is the development of materials capable of resisting the uniquely hostile combination of high temperature and intense neutron [illegible]. Last Friday, Dr. Yasinsky led a small group of government and industry leaders, including Representative Mike McCormack, the former nuclear scientist now representing Washington State in Congress, in breaking ground for another new facility at Hanford.

At a cost of $105m the fusion materials irradiation facility will allow scientists to explore the behaviour of materials exposed to neutron intensities far higher than any they expect to encounter in a fast reactor. It will be built round a novel kind of "atom-smasher." A [illegible] linear accelerator will generate a beam of deuterium atoms directed on to a stream of molten lithium, a [illegible] metal. The upshot will be a veritable tidal wave of fast neutrons, surging through a volume the size and shape of half a rugby ball.

Because it is possible to simulate these extreme neutron intensities only within a very tiny volume—about 1 litre—the *Hanford scientists have been* obliged to miniaturise their experiments to an incredible degree. Tests on the behaviour of metals under great stress, which once required the making and breaking of many kilogrammes of metal, can now be performed on samples as slender as the shaft of a needle, and discs little bigger than the head of a pin. As many as 5,000 of these *minuscule specimens can be* packed in simultaneously, to forewarn the engineers of any tendency for their designs of advanced reactors to swell up or twist themselves out of shape.



An artist's impression of the $105m fusion materials irradiation test facility, construction of which has just started at Hanford. Built round a kind of atom-smasher, it will expose metal to neutron intensities greater than any laboratory in the world can generate today.

APPOINTMENTS

International Harvester of GB managing director

Mr. J. V. Thompson has been appointed managing director of INTERNATIONAL HARVESTER COMPANY OF GREAT BRITAIN. Previously he was director of human resources for the IH Agricultural Equipment Group at its Chicago world headquarters.

★

Mr. Charles Shakerley has been appointed a director of WILLIAMS AND GLYN'S BANK from March 1. He is chairman of the Provincial Insurance Company.

★

Mr. Keith Lewis has been appointed a Board director of UNIVERSAL McCANN.

★

Mr. J. C. G. Stocks has been appointed marketing director and deputy managing director of the TAUNTON CIDER COMPANY from March 1. Mr. Stocks was marketing development manager of Arthur Guinness Son and Co. (Park Royal) and chairman of John Bateson and Co.

★

Mr. D. F. Baker, Mr. L. F. W. Hayward and **Mr. E. R. Smallwood** have been appointed directors of BERNARD SUNLEY AND SONS.

★

Sir Ronald Leach has retired as a non-executive director of SAMUEL MONTAGU AND CO. Sir Ronald has been appointed a non-executive director of Jersey International Bank of Commerce from *March 1, on which* date he becomes resident in Jersey. Jersey International Bank of Commerce is the Jersey-based wholly-owned subsidiary of Samuel Montague and Co.

Mr. J. V. Thompson

★

Mr. Peter Brabrook has become chairman and managing director of OXLEY PRINTING GROUP in succession to **Mr. Michael Lewis,** who has retired. Mr. Brabrook has been a member of the *Oxley Board since 1977.* Mr. Lewis has resigned his Oxley directorships and retired from full-time management of the group and has been made president.

★

Mr. David R. Fairbairn has been appointed a director of the NATIONAL COMPUTING CENTRE. He is at present director of marketing, EMI Medical.

★

The DELTA GROUP has made the following appointments to the Board of MIDLAND ELECTRIC MANUFACTURING COMPANY, a subsidiary in its electrical division. **Mr. Tom Forsyth** has become production director and **Mr. Peter Johnston** financial director. **Mr. Harry Knaggs,** managing director of MEM's manufacturing operations in South-East Asia, has also been appointed to the Board of MEM. **Mr. Roger Blythe** has resigned from the Board of MEM in the UK on his apointment as technical director of MEM's operations in S.E. Asia.

★

Mr. Barrie C. Johnston, a director of Charterhouse Japhet, has joined the Council of DR. BARNARDO'S.

★

Mr. A. G. Dakyns has been appointed manager, EEC relations, to head one of two departments under the newly-appointed assistant director (European and Energy Policy) in Economic Planning Division at BRITISH GAS headquarters.

★

Mr. Jack Pigden has been appointed managing director of GOLDERSTAT, a subsidiary of *A. Arenson (Holdings), and* **Mr. David Weston** has been made production director. Mr. Pigden was previously with Burrup Mathieson.

★

Mr. Peter J. Prior, chairman of HP Bulmer Holdings, has been appointed a non-executive director of W. WILLIAMS AND SONS (HOLDINGS).

★

Mr. Stanley E. Sorrell, *formerly* of Sterling Coated Materials, Dukinfield, is joining the board of the DOMINIONS EXPORT COMPANY, London, from March 1.

★

Mr. Robert A. Clack has been appointed a joint managing director of H. J. SYMONS (Agencies) and **Mr. John A. Fyfe** has become a director. **Mr. Maurice Hawkins** is now a director of Symons Pemberton and Spiers and **Mr. Paul Richardson** has been made an assistant director of that concern. The parent company is H. J. SYMONS HOLDINGS.

★

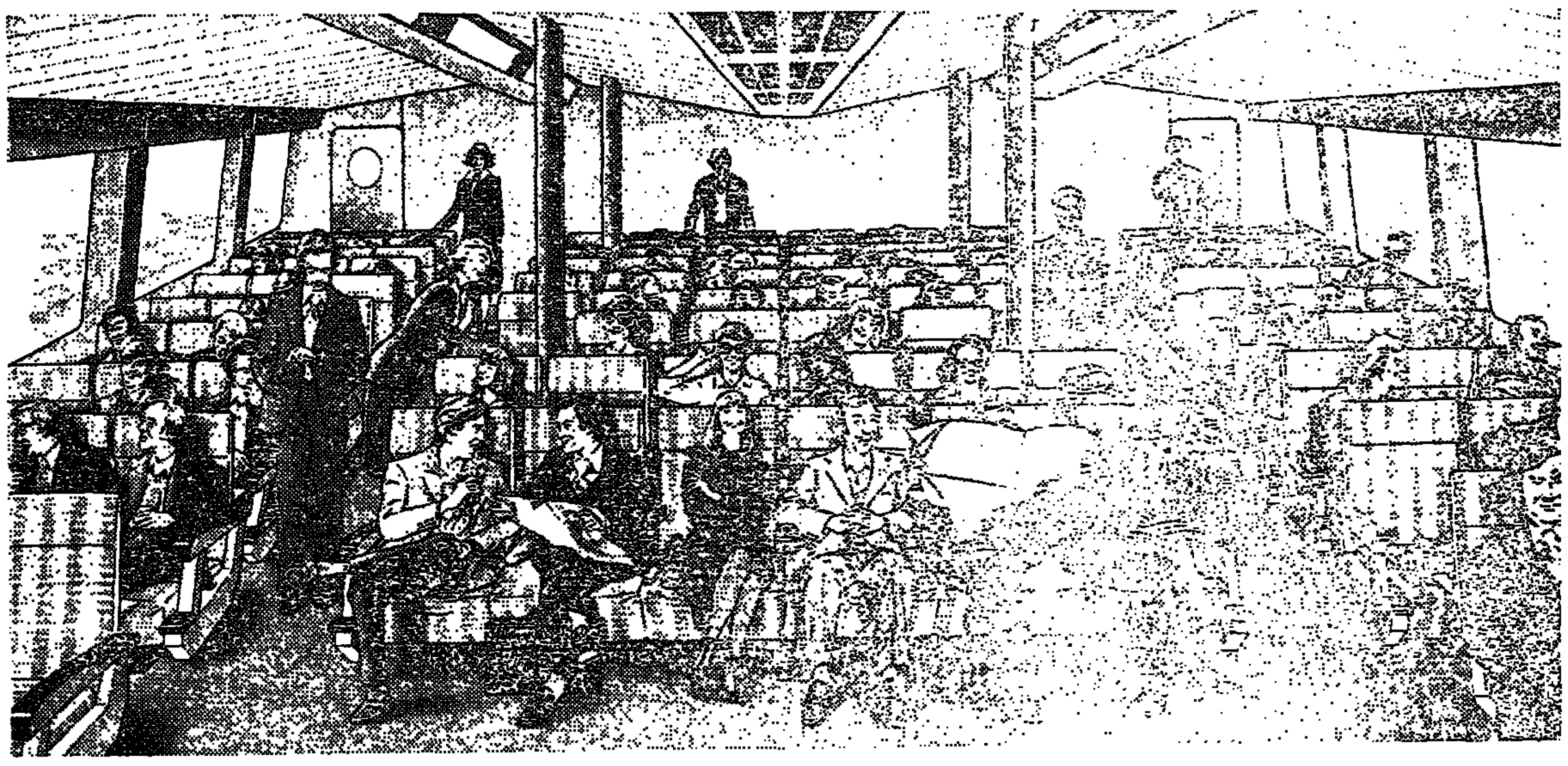
Mr. Alan R. Nicholson has been appointed chairman of KITSONS INSULATION, the main contracting subsidiary of Fibreglass. Mr. Nicholson, who recently became general manager for all the contracting subsidiaries of Fibreglass, succeeds **Mr. Don West,** who retires as chairman of Kitsons on March 31.

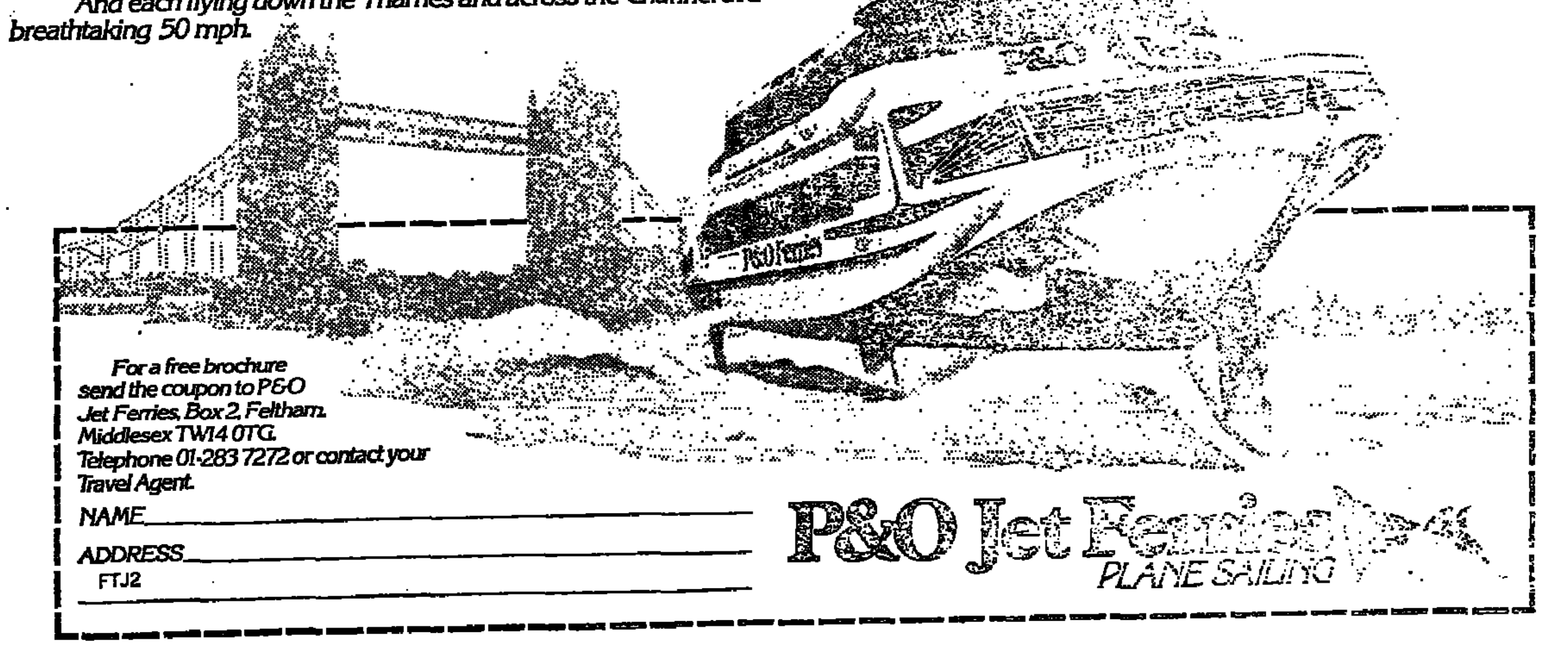
★

Mr. Keith Manning has been appointed divisional director, product marketing, data processing division, HONEYWELL INFORMATION SYSTEMS. He succeeds **Mr. David Matthews** who has taken up an appointment in the U.S. with Honeywell's large systems marketing group at Phoenix, Arizona.

★

Lord Willis of Chislehurst has been appointed chairman of YEWPALM, manufacturer of OKO Tyre Sealant. Lord Willis is chairman of Allbuery Coombs and Partners, a director of Capital Radio, and Worldwide Pictures.





MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Why GKN's appetite needs more time for digestion

Hazel Duffy on the strategy of the UK's biggest engineering group

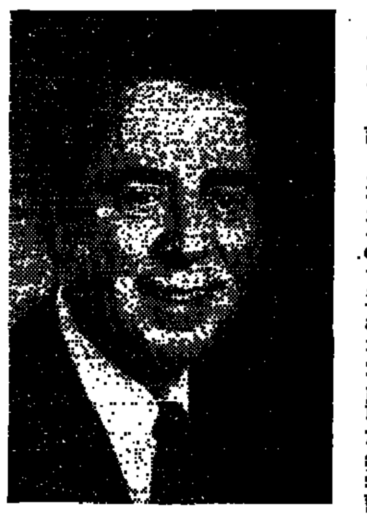
THE EXPANSION this week of GKN's fast-growing American interests with the purchase of 80 per cent of Maremont's parts division is another example of this group's amazing appetite for acquisitions. In the past 12 months, GKN has made two major acquisitions in the UK, one in France, plus one other in the U.S. as well as announcing the start-up of a second factory in the U.S. During the same period, it has also disposed of parts of its traditional engineering activities in the UK and sold off its stake in Australian steel interests.

There is nothing haphazard about these acquisitions and disposals. They are all part of a strategy which has its roots in a fundamental assessment of GKN which took place during 1977 (see this page February 6 1979). The examination began with a major re-organisation of group management structure. Two committees were formed. The chairman's committee consisted of Barrie Heath (now Sir), who was then GKN chairman, the managing director, and non-executive directors; and the management committee consisted of the managing director (then Trevor Holdsworth, now Roy Roberts) and the executive directors.

The management committee was created as the heart of the new organisation. By detaching the executive directors, formerly chairmen of GKN sub groups, from their day-to-day activities, the machinery was set up by which a complete examination of the group's activities could be undertaken.

The aim was to identify those areas of GKN's business with growth potential and to give them "maximum support," i.e. expansion through major investment and acquisition. Other areas were designated as important parts of the business which would qualify for ongoing support, and certain other areas were categorised as those which GKN decided it wanted to slim down, or even withdraw from. Holdsworth views this process as categorising GKN businesses into themes. A glance at GKN's myriad of interests confirms the necessity for such a course.

Two themes have emerged so far from this process. One, the manufacture of automotive components, was an obvious choice given GKN's already substantial presence in this field. The other, wholesale distribution, called for a programme of rapid acquisition. GKN had plenty of experience in this area through its steel stockholding interests, but it was not steel that GKN decided to expand. Instead, it acquired several companies, including Stern Osmat, Sheepbridge Engineering, part of Armstrong Equipment, 80 per cent of Unigep in France, and Parts Industries in the U.S., which have added substantially to its historically small interests in the distribution of hardware, and, much more important, automotive replacement parts. The latest acquisition in the U.S. carries this policy just a little further.



Trevor Holdsworth

The logic in this move into automotive parts is twofold. First, it extends the vertical integration process whereby GKN produces the raw materials (steel and aluminium), manufactures the parts, and then distributes them not only to the equipment manufacturers, but also to garages selling to the replacement market.

Secondly, the so-called automotive parts "aftermarket" is an area of considerable growth in its own right. GKN is supplying not only its own parts, which is a useful way of tying up its own market outlets, but also those of other manufacturers. In the UK this is a way of supplying the market for replacement parts on imported vehicles, so decreasing its dependence on the British motor industry.

The GKN strategy might well be viewed as a programme to outwit the decline of British manufacturing industry. As the largest engineering group in Britain, it was becoming obvious during the mid 1970s that GKN was not going to prosper by selling to British industry. Just how apparent this was to GKN management at the time is not really clear, particularly as the period of most rapid decline has been the last two years. In retrospect, however, the decision to diversify into growth sectors and expand overseas has been all the more necessary.

What was clear enough was the decline in GKN's financial performance. Engineering tends to be a highly cyclical industry, as can be seen from group profit figures in 1974 (£90m pre-tax profit) and 1978 (£87m). The situation was, of course, worse when inflation was taken into account. More worrying, however, was that measured on a return on assets basis the performance had been deteriorating for 15 years.

Veto

Just before the nationalisation of steel in 1967, GKN was still seen as a steel company with engineering outlets. Even for some years after that, the policy bore marks that this philosophy was persisting, particularly with the acquisition of Firth Cleveland (most of which has since been sold off) and steel stockholders Miles Druce. Under the chairmanship of Barrie Heath, however, a different philosophy involving expansion in Europe and the U.S. began to take shape.

One of GKN's most successful companies is Uni-Cardan, the German-based transmission components manufacturer which now has factories in France and Italy as well. The original stake in Uni-Cardan came about through GKN's acquisition of Birfield, a British company in 1966. Since then, the company has expanded and 18 months ago, after the German courts had finally vetoed GKN's bid to take over Sachs, GKN raised its stake in Uni-Cardan to 82 per cent.

In the U.S., GKN's first plant in Sanford, North Carolina, for making constant velocity joints (CVJs) will shortly be joined by a second in a market which undoubtedly has the greatest growth potential for GKN automotive products. The CVJ is the joint which is fitted at the outer end of the two drive shafts which form the transmission system in front-wheel drive cars. GKN supplies 90 to 95 per cent of world demand for this particular component, both from its own factories and through licensees.

The CVJ is the sort of advanced technology product which companies dream about. It arrived at GKN via the acquisition of Hardy Spicer, which had developed it for the Mini (its history goes back as far as 1926, but it was for the Mini that it first went into volume production).

The technology has been licensed extensively throughout the world, including Japan. Licensing, correctly handled, will continue to be the way that GKN must hope to absorb the competition which must develop in this product. Although the patents run out during the 1980s, Holdsworth claims he is not unduly worried. He is almost certainly right when he says the strength of a product rests not in its patents, but in the ability to succeed in the market place, which means producing millions of CVJs that do not go wrong.

It is not immediately apparent, however, whether GKN has anything up its sleeve with the same sort of technology premium that the CVJ enjoys. It is working, for example, on lightweight materials, including carbon fibre, which might be suitable for automotive components at some time, but success still seems to be some way off.

GKN is criticised in some quarters for not doing enough of its own research and development. While there is nothing wrong with buying in technology, and indeed two Government reports in recent months have stressed that British industry would do well to adopt this practice more often, it would be more reassuring for GKN's future if it was felt that it could also come up with something on its own. Holdsworth agrees that, as a group, GKN has not spent enough on r and d in the past. He suggests that the positive identification of growth areas will now encouarge more r and d in-house.

The international expansion of GKN has been far more positive. It is not, says Holdsworth, that the group has any anti-UK bias. The very process, however, of building up growth sectors must mean that this be done on an international basis. This will apply equally to the areas still awaiting the growth tag, which might include process machinery, industrial services and industrial contracting.

The stock market still tends to think of GKN as a British company which is over-dependent on the British motor industry. In particular, each new crisis at British Leyland can be guaranteed to knock a few pence off GKN's share price. BL certainly does matter to GKN. It is an important customer, and everybody would be happier if it stayed that way.

It needs, however, to be put into perspective. GKN's automotive components outlets are more heavily weighted in favour of the truck and industrial sector of the automotive industry than cars, and in the case of BL the truck sector has not been as badly savaged as the cars side. In total sales terms, BL accounts for between 5 and 6 per cent of GKN's turnover. That is a lot of business for a group with sales in excess of £1.7bn, but it is probably a lot less than many people assume.

In fact, in recent years, GKN has moved further towards the multinational status of other major automotive component manufacturers like Eaton, Dana and A. C. Delco. This will be confirmed in particular by the move into the U.S., where GKN expects to supply a sizeable proportion of the expected American demand for front-wheel drive components. It has already licensed General Motors to produce the CVJ, while the second GKN plant in the U.S. has been tied up with Ford from the start.

Automotive components contribute around half of GKN's profits, and distribution is expected to make a growing contribution after the recent acquisitions. GKN is still, however, a major steel producer in the UK. It is an area which has had its headaches for GKN as well as the British Steel Corporation, and will require a lot of management effort in the years to come.

About 70 per cent of the special steels complex at Brymbo, in North Wales, goes to GKN for its forging and other engineering activities. The Cardiff complex, on the other hand, which comprises new steel-making facilities and processing, sells much more into the open market.

The main problem area is the 600,000 tonnes capacity rod mill, which replaced the old mill with double its capacity. The mill came on stream just over two years ago, at about the same time as British Steel's new mill at Scunthorpe. Both were planned at a time when wire rod was in short supply, only to be completed when there was huge overcapacity throughout Europe. Today, British Steel and GKN are talking about setting up a joint venture to pool their interests in the two mills. If this comes off, it will go some way towards solving the steel problems, but in the long term there must remain some doubt about the place of the South Wales plants in GKN's emergent structure.

For a traditionally conservative group, the activities of the past couple of years at GKN have happened with great speed. It is impossible to predict how successful the new strategy will be, although the City was pleasantly surprised by the first half results—pre-tax profit up from £42m to £53.5m. Holdsworth says that the main disposals activity has almost finished. Many observers would like to see GKN sit back now and digest its recent acquisitions before making more moves. A more definitive vote on the whole strategy will have to wait longer.

GKN'S OPERATING DIVISIONS
GROUP HEAQUARTERS

*Autoparts	Special Steels
†Axles	*Steelstock
Contracting	†Transmissions UK
†Engine Parts	†Uni-Cardan
*Fastener Distribution	Welding
Fastener Products	†GKN Automotive Components Inc
†Forgings	†Laycock Engineering
Foundations	†GKN Shotton
General Industries	GKN-Stenman
General Steels	Boulons Mayer SA
*Hardware Distribution	Pimentel-Granaat BV
Industrial Services	Dormer Distribution (Tools)
Plastics Machinery	Africa
†Powder Metallurgy	Australasia
†Sankey	India and Pakistan
Sheepbridge	International Trading

** Linked together by GKN in the general area of wholesale and industrial distribution.*
† Linked together by GKN in the general area of automotive components.

The big and small link gathers pace

BY JOHN ELLIOTT and NICHOLAS LESLIE

A STEADILY increasing number of large companies are showing an interest in devising ways of helping with the creation and expansion of small businesses, especially in areas of industrial decline and rising unemployment. Two announcements this week illustrate ways in which this trend is developing as large companies come to realise that what might on the surface appear to be an exercise in non-commercial social responsibility should be in fact be regarded as a sound investment in their own businesses' direct interest.

First there was the announcement by Pilkington that it is to provide over £1m in funds for investment in new small companies, mainly to reinvigorate the industrial base of its home area in the north-west. This is the first time a major private sector company has set up such an investment — normally large concerns only provide cash to help small business with management and other services.

At the same time it emerged that the Industrial and Commercial Finance Corporation is doing a rapidly increasing amount of business in helping managers to buy unwanted activities from large companies, setting them up as self-contained small businesses.

Variously called "management buy-outs" or "deconglomerisation," this method of setting up small businesses has mushroomed at a time when many manufacturing companies are trying to concentrate more on their own specialised lines of business without being diverted by the problems of fringe activities.

The ICFC expects to help set up about 50 such enterprises this year compared with 20 last year, 10 in 1978 and only five in 1977. On average it puts about £160,000 into each venture although its investments have ranged from £7,000 (for a one-man welding business) to over £1.5m (for some North Sea activities).

Generally the businesses are set up by three or four managers who become the shareholders (putting up perhaps a fifth of the capital between them), and the average company has 100 to 150 employees.

Often the business is a service activity like a printing works or a laundry. The parent company no longer wants to run it and is prepared to buy the service from the newly hived-off concern. On other occasions it is a specialised aspect of the company's business which could be operated more profitably on its own without a major concern's overheads and disciplines.

Explaining this to a conference of the London Enterprise Agency, which brings together large companies interested in helping small business, Mr. Derek Sachs, London manager of the ICFC said that it was not usually a problem to raise money for such businesses.

The move by Pilkington into venture capitalism is important not only for the initial investment of £1.4m it has made, but also because it may well stimulate other industrial companies and institutions to put up funds for investment in new enterprises.

At the same time, however, it will be interesting to see how financially viable the new company, called Rainford Venture Capital, finds it to provide a much bigger degree of advice and assistance to its entrepreneurs than is generally the case in the UK.

Pilkington has hired its management expertise from the U.S. where the more successful venture capitalists tend to concentrate on a small number of potentially high-flying investments with which they remain closely involved rather than a large number with which they have a loose connection.

Such high-flyers—and that is really what Rainford will be looking for—are hard to find and probably are in a good financial bargaining position.

Generally, it seems that Rainford will finance by way of a minority equity stake in a new company, together with some form of loan. Its terms will have to be competitive and it must therefore rely on realising a return from a capital gain rather than income. It seems likely, therefore, that Pilkington and its co-investors in Rainford — Prudential Assurance, BP, and the ICFC—will have to be very patient about getting a good financial return.

The comment of one financier on the scheme was that it is an "interesting experiment." But given the record of the American venture capitalists managing Rainford—they have made 25, mostly successful, investments in the past eight years—the venture will not be lacking in expertise.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HEATING

More steam but less fuel

AS FUEL price rises bite still deeper and threats of shortages or restrictions in certain fuels become reality, the fluidised bed burner to take as much as twice the heat from coal as its conventional counterparts is rapidly awakening interest.

Recently, NEI Thompson Cochran showed the outcome of development work that has been in progress on shallow fluidised bed burner designs for the past five years. Initially, till late 1977, the programme was essentially concentrated on test rig work. Since that time, it has been applied to developments with prototype shell and fire tube boilers at Annan in Dumfrieshire, where a 15,000 lb per hour steam generator has been operating on a steady basis for some considerable time, supplying steam to the Annan works.

The company has chosen to put its effort into the shallow bed horizontal boiler design for a number of reasons.

An important one is that fuel can be fed directly on to the top of the bed. It can be wet fuel containing large pieces of up to 50 mm (2 inches) diameter. Thus the fuel needs relatively little preparation, in contrast with certain other designs of bed which demand dry, granulated coal to function properly.

In shallow beds, the temperature is more easily controlled. An immediate result is that it immediately becomes easier to burn low grade coal, matesials with high ash content, or low ash fusion temperatures, and bulky materials with low calorific values.

The bed is only 100 mm deep and bed alumina particle size is about 1 mm on average, so blower power is much less than in the case of deep beds.

Initial development work involved conversion of a small stoker-fired boiler which, at peak, produced about twice the original output, leading the company to believe that, where a user required, existing coal-fired chain grate stoked boilers could be converted to considerably higher than design power.

NEI has, in parallel, developed all the ancillary equipment needed to make the installation fully automated—the handling equipment, the control for bed level and bed temperature, etc.

The start-up procedure relies on injection of liquefied petroleum gas (LPG) which raises the bed to its operating temperature of 900 degrees C.

Since the more expensive alumina granules have been chosen, to suit the flat plate bed with turret air nozzles, a recycling system is incorporated.

Northern Engineering Industries, NEI House, Regent Centre, Newcastle NT3 8GB.

● COMPUTING

Mail order business speeded

LAUNCHED BY Hallmark Computers is a mini-computer based system that will run the routine functions of a mail order business.

Able to carry out operations from initial promotion and order processing through to product fulfilment and management reports, the system is flexible in terms of currency changes, simultaneous promotions and numbers of subscribers. Furthermore, it can be run by a secretary or clerk.

Basic parts of the system are sales ledger, nominal and purchase ledger, word processing and direct mail.

Based on the AM Jacquard J100 Videocomputer, the system is able to match any size of business and anticipated growth. A company may start with one VDU workstation and expand to 16, all using the same files and operating system. The files on the J100 can combine and carry out word and data processing simultaneously.

The J100 also has the ability to communicate with a wide range of peripherals and other mainframes.

More from Hallmark Computers, 548-560, High Road, Chiswick, London, W4. (01-994 8592.)

Monitors production

A COMPUTER based system from Kins applied Technology called K8000 is designed to collect data directly from production processes and provide continuous information on operation and performance.

Data collection stations near to processes or machines send data to a central micro-computer, video display unit and keyboard printer located in the supervisor's office.

The system provides information on machine running times and items produced which it compares with pre-defined targets to calculate plant efficiency and performance factors. When a machine stops, the cause is identified by plant sensors or operator-entered codes and down-time is recorded automatically. Information on the performance and status of individual machines can also be shown on the screen and printed analyses can be produced periodically or on demand.

More from the company at 141, Garth Road, Morden, Surrey SM4 4LF (01-330 6111).

● AVIATION

Helps airlines to save fuel

SAVINGS OF several millions of pounds a year on fuel bills are now possible for airlines deciding to use computerised flight-management techniques, which determine in advance the most economical flight paths aircraft should fly.

One such service is now being offered to airlines and other operators in the UK by Lockheed Jetplan, part of the Lockheed group which also includes manufacture of the TriStar airliner (which itself embodies a flight-management system that is already saving operators such as British Airways substantial sums annually).

Lockheed Jetplan already has filed into its computers in Los Gatos, California, details of the performances of over 150 jet and turbo-prop aircraft, together with details of international jet air traffic control structures, constantly updated with the latest weather information available from satellites.

Aircraft operators using the Lockheed Jetplan service can obtain within seconds detailed flight plans, giving the most economical tracks along which to fly, with up-to-date weather information, precise fuel-burn figures and the best heights at which to fly.

Lockheed Jetplan claims that U.S. users of the system have already achieved savings in fuel consumption of between 5 and 20 per cent.

The service is currently used by more than 300 commercial customers in the U.S., and 35 world-wide, including the U.S. Navy and Coastguard.

To help market the system in the UK, Lockheed has appointed Memrykord, of Gatwick Airport, the sole UK distributorship. This newly-formed company is linked to the Jetplan computer, and can produce flight plans for operators up to 16 times faster than those available through conventional telex systems.

Memrykord, Bush House, Horley, Surrey (02934-3762). Telex 877881 Fitpln G.

MICHAEL DONNE

● RETAILING

Easy credit checking

ONE OF the problems that retail and similar organisations have in credit checking when payment is being tendered is that telephone calls have to be made to a VDU operator at a computer centre. The operator must interrogate the computer before making a return call. The procedure can be costly, time consuming and subject to error.

Tackling the problem, Zygal Dynamics is to market a unit called Checkmate to provide a reliable, compact and cost-effective means for the on-line checking and verification of numerical data. It can be used wherever data has to be cross-checked with information held on computer files—in credit control, payroll or inventory checking, for example.

Checkmate contains its own modem and allows direct dialling across the STD network. Communication between inquirer and computer is established when the telephone handset is inserted into the unit and the correct number dialled. Data can then be entered by the unit's or the phone's keyboard, or by magnetic card stripe reader.

Verification from the computer is signalled by a display and the illumination of a "proceed" lamp; the operator can then enter financial details for, say, credit checking. Conversely, a "no-go" or a request to telephone for further information can also be indicated.

Zygal is currently modifying this unit, which is made by Omtel in the U.S., to make it fully compatible with Post Office telephone equipment and discussions are also in progress with a number of financial institutions in the UK. The unit is in limited use in the U.S. The company hopes to be able to offer the equipment for sale in the near future.

More from the company at 13, High Street, Chesham, Bucks. HP5 1BG (02405 75681).

● SECURITY

Detects at long range

ALTHOUGH THE police have been using them for some time, Plessey's Nomad infra-red detection systems are now to be made generally available.

These devices make use of a pyroelectric detector and reflection optics for collection purposes. They are passive, collecting the small amount of radiation given off by vehicles and humans, and can be effective at ranges up to 100 metres. In fact, the battery powered weatherproof units will detect with greater than 95 per cent probability any target greater than 0.5 sq. metres at a distance of 100 metres with a target to background temperature difference of more than one degree Kelvin.

Field of view is dependent upon the detector used and can be optimised for any application by choosing from the company's PPC range of pyroelectric detectors; these are twin or multi-element devices offering effective rejection of thermal false alarms.

Screening cuts down radio frequency interference and a low power amplifier prolongs battery life. An LED alarm indicator is provided, together with a relay alarm output.

More from Plessey Optoelectronics and Microwave, Wood Burcote Way, Towcester MM12 7JN. (0327 51871).

● STORAGE

Picks loads from high places

BECAUSE OF increasing demands for storage space, many companies are finding it necessary to stack their loads higher, and in many cases, such loads are not always required as unit loads. Loads may have to be selected at random—called order picking—says ACR Lift Truck, Chalmers Way, North Feltham Trading Estate, Feltham, Middx. (01-751 0222).

This company is now offering a wide range of Wagner order pickers including the EFSG-M which is available in two capacities—1,000 kg and 1,500 kg—supplied complete with rotating forks.

Mast can be either of two stage or three stage design (the latter for low doorways, etc.), and either a 24 volt or 80 volt motor is fitted, depending on lift height and capacity of truck required.

Trucks have a dual function—orders can either be made up or complete unit loads can be stored or retrieved from store. Special cab lifts the operator to the same height as the stored goods and free lift makes it possible to manipulate the rotating fork through a range of 800 mm from the driver's cab making it possible when collating orders to always keep the pallet at the correct working height for depositing or selecting items.

The equipment can either be guided through the aisles by rails, or may be inductively controlled.

Trucks can be driven freely outside the aisles if required to deposit loads in other aisles, or for transporting loads to despatch areas, etc. The load is deposited at ground level.

● VENTILATION

Filtered air supplied

OPERATING THEATRES — whether permanent, mobile or temporary—and clean rooms, research laboratories and controlled environments for animal breeding all have exacting requirments regarding their airconditioning systems.

These areas are particularly catered for with a range of UK factory assembled package units capable of providing filtered air for heating, cooling, dehumidification and humidification, says EER Air Conditioning Products, Britannia House, Ashton-under-Lyne, Lancs. (061 308 2136).

Unit consists of an air-handling section and a condensing section mounted on a common base frame, supplied complete with interconnecting pipework between the cooling coil and condensing unit.

Only requirements, says the company, are for an electrical supply, water supply to the humidifier, a heating source if steam or hot water coils are fitted, and condensate drain and supply ducting.

● PROCESSING

Close trim for circuits

THICK FILM resistor networks and hybrid circuits can be trimmed to close tolerances with the laser based W421 trim system put on the market by Teradyne.

Basic elements are the trimming system, circuit handler, measurement bridge, control unit and a programming terminal. Throughput of 100,000 resistors per hour is said to be possible with high density components.

After setting up, which is performed using a joy-stick to "walk" the beam and the handler, the operator has only to load the circuits, start the system and then go off to other work. The length of time for which the W421 will operate without operator attention is dependent only upon the density of resistors on the substrate. A single operator can monitor several systems.

Beam from the high power solid state laser is directed by galvanometer mirror and a high speed trim controller integrates control of the laser with the measurement system.

More from Queens Road, Weybridge, Surrey JT13 9XB (Weybridge 51431).

● INSTRUMENTS

Sun-powered weather station

MAKING a debut at the Oceanology International Exhibition at Brighton next week (March 2-7) is a solar-powered weather station developed by Aanderaa Instruments of Norway.

The station is built up from a housing, a 10-metre mast carrying the power section, together with a sensor section and VHF transmitter. The housing has a hinged base which permits the station to be tilted for easy maintenance of the sensors.

Designed for telemetering applications, the unit may also be used as a basic recording station in which its integral datalogger is furnished with magnetic tape, and the VHF transmitter omitted.

The unit's solar cells are designed to maintain sufficient power for year-round operation at latitudes below the polar section, providing sampling intervals are of ten or more minutes duration. For use at higher latitudes, sampling periods should ideally be longer or be supplemented by an additional power section.

Transmission of data is in real time via a newly-developed 2670 receiver unit designed to be connected directly to a printer for readout of raw data.

Aanderaa Instruments, Fanaveien 13, 5051 Bergen, Norway.


"OLD AND NEW ARE GOOD NEIGHBOURS IN MILTON KEYNES. SO ARE TOWN AND COUNTRY, BUSINESS AND PEOPLE.
AS A HOME FOR OUR HEAD OFFICE THE PLACE IS IDEAL."
JOHN McCOMB, DEPUTY CHAIRMAN, SENTRY MOTOR INSURANCE and CITY of WESTMINSTER ASSURANCE.
CONTACT: COMMERCIAL DIRECTOR, MILTON KEYNES DEVELOPMENT CORPORATION, WAVENDON TOWER, MILTON KEYNES MK17 8LX. TEL: MILTON KEYNES (0908) 74000.

LOMBARD

Nuclear post still vacant

BY DAVID FISHLOCK

WANTED. Man to build nuclear power plants for Britain about twice as fast as we build them at present, under unremitting carping from his customers, shareholders, politicians and professional colleagues. Salary negotiable but unlikely to be lavish. A bad Press can be guaranteed.

For well over two years the search has been afoot for a new man to manage the company designing and building nuclear reactors. Once the position to be filled was called chief executive. Now it is chairman. This matters little, for the task is the same: to take the hot seat and drive forward a new programme of reactor construction, accelerating steadily throughout the Eighties from virtually a standing start.

New industry

The goal is to establish reactor manufacture as a major new industry for Britain which, like micro-electronics, will help to replace those expected to fade in the Eighties, among them mass-produced motor cars and steel. Exports aside, Britain itself may need two or three times as many reactors built in the Nineties as are built in the current decade.

Both the present Government and its predecessor recognised the need for change at the top. This Government was rash enough to announce that the present chairman of the National Nuclear Corporation, Lord Aldington, would be leaving before finding the man to succeed him. Lord Aldington himself has been searching for a successor.

For the big problem is that those captains of industry with backs broad enough to stand the blows from outside the nuclear industry are all falling foul of internecine strife. Most potential candidates have already made enemies simply by stating at some time—as technical experts are apt to do—that in their expert opinion this reactor or that is to be preferred.

At least two potential candidates are deemed unacceptable because they are chief executives of major shareholders in the nuclear company, and therefore distrusted by customer and fellow shareholders alike. Others, although well qualified and thought likely to respond to an appeal from the Government, are available only because they are well into their sixties. A much younger man is preferable, to stamp the right image on the new industry.

Then there are a handful of younger men suitably qualified in the technology. Ironically, one is criticised by colleagues because he sought to set up a rival nuclear company in Britain—a move that more dispassionate observers might see as courageous rather than damning. Other candidates would have to be winkled out from the shelter afforded by the State-owned UK Atomic Energy Authority, when the precedents for such moves in recent years are not encouraging.

It has been said that the perfect advertisement for a position attracts just one applicant. But that presupposes that the advertiser himself knows precisely what he wants. There is no evidence here that even after two years of searching, customer, contractor and Government are clear about the respective roles expected of these three parties. They seem to be hoping that the new chairman himself will help them to sort out the boundaries—not least how much autonomy the nuclear company can expect to command.

Great and good

This then is clearly no sit. vac. that can be filled from the civil servants' traditional list of "the great and the good," from which most public appointments are made. So let's have another stab at the job specification:

"Chairman required for high-technology company. Must be youngish and ready to be infinitely tolerant in face of extreme provocation from his own shareholders; customers, politicians and a vociferous fraction of the general public; possessed of great patience underpinned by rat-like cunning and a strong instinct for survival; schooled in the art of peak-time TV debate of highly technical issues such as the aetiology of a crack."

Will the prospective chairman please apply without delay to Sir Jack Rampton, Permanent Under-Secretary, Department of Energy.

Battle of the feudal levies

BY EDWARD OWEN

AROUND BRITAIN

GUERNSEY

A MOVE that began 10 years ago in Guernsey to abolish the feudal dues still levied by the island's seigneurs and dames—an item that adds considerably to local conveyancing costs—has proved to be more problematic, legally and constitutionally, than anyone expected.

The affair has so far led to six debates in the island parliament, a petition to the Privy Council, in London, and a UK Home Secretary refusing to submit a Guernsey law for royal assent.

Most of the dues, such as *poulage* (once two fowls, now 36p) are merely quaint survivals. The bone of contention has been *treizième*, a charge made by the seigneur on any property sale of his fief in return for his *congé*, or permission, to buy.

Generally known as *congé*, the levy was originally a thirteenth of the sale price, as it still is in Sark, but, for the past century or so has been 2 per cent in Guernsey.

In more settled times the seigneurs' receipts from this source were small (in 1895 the total collected was £271), because few island properties were sold and those went mostly for modest sums.

Post-War World II inflation, the property boom of the 1960s and Guernsey's growing desirability as a tax refuge changed all that, and owning a fief on the island became a worthwhile investment.

Foreseeing this, Professor C. Northcote Parkinson, of Parkinson's Law fame, bought four fiefs soon after settling in Guernsey in 1960—although the professor's interest was also historical and he revived ancient feudal courts on his domain.

In 1960 *congé* brought in some £6,000 for the island's 20 private fief-holders. By 1970 the figure had risen to £25,000 and by 1976 to £100,000.

Guernsey's senior seigneur, Mr. Cecil de Sausmarez, whose family have lived at Sausmarez Manor for six centuries, admits that he has made up to £10,000 from *congé* in one year.

While he thinks that the levy is an anachronism, he has insisted that, as a hereditable property right, it should be disposed of fairly and without impairing Guernsey's 900-year-old feudal links with the English Crown.

Congé pushes up conveyancing costs in Guernsey to a level well above those in the UK or in Jersey (where the vestiges of feudal dues were abolished in 1966). On a £30,000 house, the Guernsey buyer has to find £1,315, of which the seigneur's share is £600 and the rest conveyancing charges.

The first move towards abolishing the levy was made in 1969 by a housing investigation committee, which pointed out that with rising prices *congé* was becoming a heavy burden for "persons of moderate means."

In 1977, after debating the matter on four separate occasions, local MPs voted through a measure abolishing all feudal dues in exchange for a lump-sum compensation of £50,000 shared among all the private fief-holders.

However, local rejoicing at shaking off the shackles of feudalism turned out to be premature.

One complication was that by far the largest fief-holder in Guernsey is the Queen. Under an agreement of 1974 the revenue from the royal fiefs is given back to the island government to be used for the upkeep of the Lieutenant-Governor's establishment, H.M. prison and the law officers' salaries.

The Queen intimated that she had no objection to feudal dues being abolished on her fiefs. But the practical effect was the island government would lose the revenue, now amounting to over £600,000 a year, and would have to meet all the Crown expenses itself.

Meanwhile the court of seigneurs unsuccessfully tried to start negotiating with the authorities, proposing various alternatives to complete abolition such as waiving *congé* on lower-priced houses.

The seigneurs objected to receiving as compensation less than *congé* was now yielding in a single year, especially as an independent assessment had put the value of Guernsey's private fiefs at £1½m.

As a last resort, in December 1977, the seigneurs and dames petitioned the Privy Council, claiming that Guernsey's proposed legislation amounted to "expropriation of hereditable rights."

In the following summer, while the two sides were still embattled, the Queen and Prince Philip went to Guernsey on a belated Jubilee Year visit.

Mr. de Sausmarez led the seigneurs' traditional act of homage in Norman French.

It was a Labour Home Secretary—Mr. Merlyn Rees—who upheld the seigneurs' rights against the island parliament. He told Guernsey that he was not prepared to submit the *projet de loi* for royal assent because he felt the private seigneurs had a "justifiable grievance."

Faced with this impasse, local MPs reluctantly agreed that talks should be started with the court of seigneurs.

Against all the odds an agreed formula was worked out. This was largely due to the efforts of Mr. de Sausmarez—an ex-diplomat—and of Guernsey's former "chancellor," Mr. Peter Dorey, who was tragically lost overboard in the Fastnet race.

Under the deal feudal dues are to be retained, but will become payable to the Crown—and therefore, effectively, to the island government—even in the case of the private fiefs.

For the first five years, by way of compensation, the seigneurs and dames will receive half the *congé* collected on their fiefs.

The final inducement that apparently won over the seigneurs was that their £50,000 or so a year, paid quarterly, would be tax-free.

Meanwhile the finance committee has promised to report back to the island parliament on how buyers of lower-priced houses might eventually be relieved of *congé*.

Mr. Cecil de Sausmarez, the senior seigneur who helped to find a compromise curtailing feudal rights.

So it is to be a case of *plus ça change*; private feudal dues are to be phased out, but the Government will collect the money instead.

However, if the authorities are to be believed, this will be more acceptable. They reported that while islanders protested "vociferously" at having to pay *congé* to private seigneurs, those who paid it to the Crown and knew the money was going to the Government made "only the normal comments about taxation."

Dramatist can win at Haydock

RACING

BY DOMINIC WIGAN

KATMANDU was withdrawn at the final declaration stage for this afternoon's Embassy Premier Chase Final at Haydock and although the two and a half mile event sees only seven animals chasing a prize with £16,000 in added prize money, it should prove well worth watching.

Since an ante-post market was formed on the Embassy Premier Chase Final, Dramatist and Drusus have dominated the betting. Although I have a healthy respect for Ireland's sole representative, Daletta, I suspect that the first named pair will, as the betting suggests, dominate the closing stages.

Dramatist, a disappointment in the first half of the season, has, like many other inmates of Saxon House Stables, found form with a vengeance of late. The six lengths conqueror of Skryne at level weights in Kempton's two miles Avenue Chase, Bill Smith's mount went on to put up a considerably better performance when landing Cheltenham's Tote Jackpot Handicap Chase over today's trip just over a month ago.

Sent into the lead five fences from home there, after being in the firing lines throughout, the Lambourn nine-year-old stayed on gamely up the final hill to give 16 lbs and one-and-a-half length's beating to the more experienced Joint Venture.

Dramatist, a top class hurdler over the past three or four seasons, proved his jumping ability through that win and it could well be his superiority in this department which will see him accounting for Drusus

Whatever his fate, with Dramatist on the Lancashire course, trainer Fulke Walwyn, should have at least one winner. this afternoon for Loophole looks set to land Newbury's Opener, the First Division of the Whatcombe Novices Hurdle. This five-year-old put up an encouraging performance behind Atataho at Cheltenham half an hour before the victory of his stable mate there in the Tote race.

HAYDOCK
1.45—Majestic Maharaj
2.45—What-a-Woppa
3.20—Dramatist***
3.50—Poker Player*

NEWBURY
2.00—Loophole**
2.30—Firs Park
3.00—Young Arthur
3.30—Doonally
4.05—Man on the Run
4.35—Lenygon

LUDLOW
2.45—Jolly Green Giant
3.15—Princely Mark
3.45—Brandy Fare
4.15—General Carl

TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Mister Men. 2.02 For Schools, Colleges. 3.20 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Roobarb and Secret Squirrel. 4.30 Jackanory. 4.45 Tarzan, Lord of the Jungle. 5.10 Grange Hill. 5.35 The Perishers.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 The Young Maverick.
8.20 Francis Durbridge.
8.50 Points of View.
9.00 News.
9.25 The Eddie Capra Mysteries.
10.15 The Fall and Rise of Reginald Perrin (London and South East only).
10.45 Regional, National News.
10.50 Festival of Welsh Mixed Voices.
11.25 The Late Film: "The Teahouse Of The August Moon." starring Marlon Brando.

All Regions as BBC-1 except as follows:—

Wales—1.45-2.00 pm Cwmtigili. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.25 Tom and Jerry. 7.30-8.20 The British Rock and Pop Awards. 10.15 Week in week out. 11.05 News for Wales. 11.06 Merthyr Riots. 12.17 am Weather for Wales.

Scotland—11.00-11.20 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 3.20-3.55 Bowls: Embassy World Indoor Championship. 5.55-6.20 Reporting Scotland. 10.15 Spectrum. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Gallery. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Times Remembered; Midlands (Birmingham) The R and D Show; North (Leeds) Jimmy Saville's Yorkshire Speakeasy; North East (Newcastle) Coast to Coast; North West (Manchester) Home Ground; South (Southampton) More Than Yesterday? South West (Plymouth) Newswatch; West (Bristol) Public Life.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.15 pm Racing from Haydock and Newbury.
4.50 Open University.
†5.40 Flash Gordon.
6.00 Monkey.
6.45 Free and Easy.
7.00 Delia Smith's Cookery Course.
7.25 Mid-Evening News.
7.35 D. H. Lawrence: A Portrait by Richard Hoggart and Ronald Draper.
8.35 Pot Black 80.
9.25 Pro-Celebrity Golf.
10.15 Man Alive.
11.05 Jazz played by Martial Solal, Chick Corea and Herbie Hancock, Hank Jones and John Lewis.
11.35 Late News.
11.50 Friday Night . . . Saturday Morning.

LONDON

9.30 am Schools Programmes. 11.55 Cartoon Time. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 The Television Programme. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. †2.45 Friday Matinee: "Just For Fun." 4.15 The Tomorrow People. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 The Muppet Show.
7.30 Play Your Cards Right.
8.00 Life Begins at Forty.
8.30 Hawaii Five-O.
9.30 Fully Licensed for Singing and Dancing.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.45 Pro-Celebrity Snooker.
12.30 am Close: Personal Choice with Michael Bentine.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 The Spoils of War. 5.15 Happy Days. 6.00 About Anglia. 10.30 7 Days. 11.00 Friday Late Film: "Operation CIA," starring Burt Reynolds. 12.40 am Men Who Matter.

ATV

12.30 pm Out of Town. 1.20 ATV Newsdesk. 2.45 Fantasy Island. 3.45 Money-Go-Round. 5.15 Happy Days. 6.00 ATV Today. 10.30 Soap. 11.00 ATV Newsdesk. 11.05 Murder at the Movies: "Pretty Maids all in a Row."

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 The Spoils of War. 5.15 Bailey's Bird. 6.00 Lookaround Friday. 6.30 Thingummyjig. 10.30 Rats of Tobruk. 11.00 Friday Night Movie: "The Beast in the Cellar," starring Beryl Reid and Flora Robson. 12.35 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "Brenda Starr-Girl Reporter." 6.00 Report At Six. 6.35 In Search Of . . . Pyramid Secrets. 8.30 The Incredible Hulk. 10.28 Channel Late News. 10.35 Brown Study. 10.55 Feature Film: "Baby Love." 12.35 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. †2.45 Friday Matinee: "Dr. Strangelove," starring Peter Sellers. 6.00 North Tonight and Area Weather Forecast. 6.35 Sportscall. 8.30 Vegas. 10.30 Reflections. 10.35 The Late Night Horror Show: "Countess Dracula." 12.20 am North Late Night Headlines plus Road and Ski Report....

GRANADA

†11.50 am Stamp Stories. 1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Movie Premiere: "Ransom for Alice." 5.15 The Rolf Harris Show. 6.00 Granada Reports. 6.30 Kick Off. 8.30 Vegas. 10.30 Double Vision. 11.15 Soap. 11.45 House of Horrors: "Dr. Phibes Rises Again."

HTV

1.20 pm Report West Headlines. 2.45 The Friday Matinee: "Where Have All The People Gone?" 5.15 How's Your Father? 6.00 Report West. 6.30 The Muppet Show. 7.00 Emmerdale Farm. 8.30 The Streets of San Francisco. 10.35 Report Extra. 11.05 The Friday Film: "Vault of Horror."

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.31-10.46 am About Wales. 10.48-11.08 Am Gymru. 1.20 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Campau Awyr Yng Nghanada. 5.15-5.45 White Light. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 Boxing (European Bantamweight Championship). 11.20-12.15 am Westside Medical.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 Power Without Glory. 3.45 Money-Go-Round. 5.15 The Electric Theatre Show. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.30 Thingummyjig. 9.30 Love Thy Neighbour. 10.35 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear: "Theatre Of Death."

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 The Spoils of War. 5.15 Mork and Mindy. 6.00 Scene South East (South East Area only). 6.00 Day By Day. 6.30 Out of Town. 10.30 Southern News Extra. 10.35 Southern Report. 11.05 Soap. 11.35 The Late, Late Premiere: "Dream Life."

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.45 Friday Matinee: "Mister Jerico," starring Patrick Macnee. 5.15 Laverne and Shirley. 6.00 Northern Life and Sportstime. 10.30 North East News Headlines. 10.35 "Where's Jack?" starring Tommy Steele and Stanley Baker. 12.45 am Epilogue.

ULSTER

1.20 pm Lunchtime. †2.45 Friday Matinee: "Band Waggon," starring Arthur Askey, Richard Murdoch and Pat Kirkwood. 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Good Evening Ulster. 8.30 Vegas. 10.29 Ulster Weather. 10.30 Sportscast. 11.00 Witness. 11.05 Friday Film: "Attila The Hun," starring Anthony Quinn. 12.25 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "Brenda Starr." 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 6.50 Just The Job. 8.30 The Incredible Hulk. 10.32 Westward Late News. 10.36 Sportsline. 10.55 Feature Film: "Baby Love." 12.35 am Faith For Life. 12.40 West Country Weather.

YORKSHIRE

10.25 am Friends Of Man. 10.48 For Schools (continued). 11.55 The Animates. 1.20 pm Calendar News. †2.45 Friday Film Matinee: "Carry On Admiral." 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 10.30 Soap. 11.00 Friday Night Film: "Revenge."

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Peter Powell. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S) including 6.15 Pause for Thought. 7.32 Ray Moore (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought and 9.03 Top Five Albums. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from Haydock Park. 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 7.30 "The Pirates of Penzance" (S). 9.55 Sports Desk. 10.02 Roy Castle. 10.30 Dorita Presents Sounds of Latin America. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

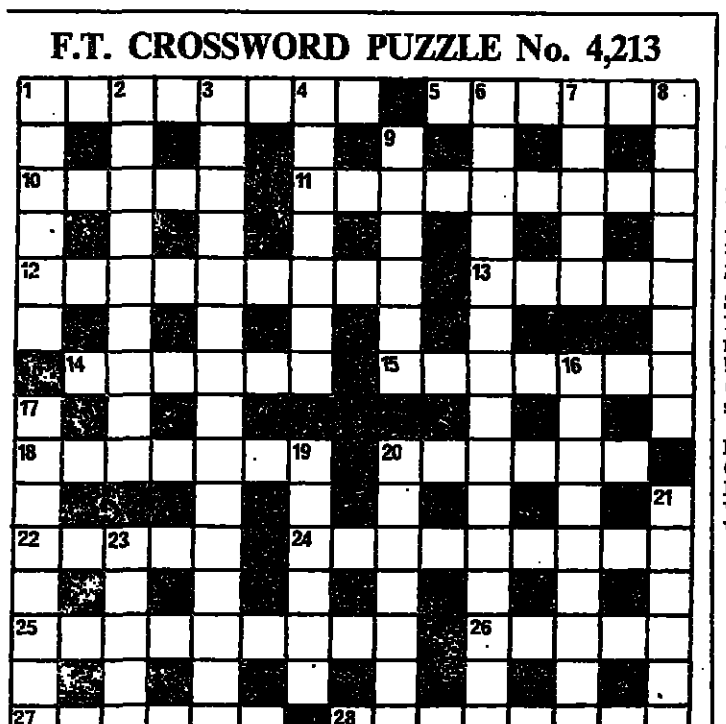
†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Satie and Poulenc (S). 10.00 Young Artists Recital (S). 10.55 Bowen, Schumann and Bozza oboe and piano recital (S). 11.35 Chorus and Brass concert (S). 12.20 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Midday Concert, part 2 (S). 1.50 The Arts Worldwide. 2.10 Joan and Hester Dickson cello and piano recital (S). 3.10 Delme String Quartet (S). 3.55 Comparing Notes (S). 4.55 News. 5.00 Mainly For Pleasure (S) († and mono only from 6.20). 7.00 Charles Rosen Plays Webern (S). 7.10 One Pair Of Ears. 7.25 Play It Again (S). 7.30 Mozart in Paris, 1778 (S). 8.45 When Was Wales? by Professor Gwyn A. Williams, BBC Wales Annual Radio Lecture. 9.30 In Repertory (S). 10.30 The Vision of Piers The Ploughman by William Langland (S). 11.00 Sandor Balassa (S). 11.30 Rossini piano recital (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Enquire Within. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Four Frightened People. 11.00 News. 11.05 Minds Held Hostage: The psychological effects of siege-breaking. 11.50 Bird Of The Week: The lapwing. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.10 Who Is The Dreamer? (talk with an Englishwoman who became a Buddhist Nun). 4.40 Preview. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.35 Week Ending (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,213



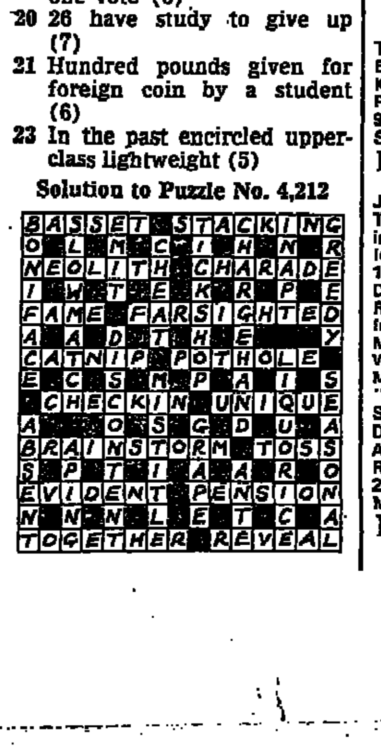
ACROSS

1 One of the wounded offhand with heartless plaything (8)
5 Allow one Frenchman to be mentioned throughout the book (6)
10 Designed average tin-opener (5)
11 Take off journalist without insurance (9)
12 Put on engineers' notice to whom letter is sent (9)
13 Stair-post first invented by the Spanish (5)
14 Hill free to grow very hot (6)
15 Tramples over relative (7)
18 Bright star is able to work for a musician (7)
20 Offence article gave at scene of bygone war (6)
22 Adopting a superior attitude to a backward simpleton (5)
24 Picture Frank being heart-whole (5, 4)
25 Point of the joke is the strike method (5, 4)
26 Own notice on motorway junction (5)
27 Expected non drinker to ring twosome (Italian style) (6)
28 Lesson AA might give fitting to time of year (8)

DOWN

1 Take care of doctor at contest (6)
2 Put up with Irish county having to withdraw (5, 4)
3 When bowler left out without more ado (2, 3, 4, 2, 1, 3)
4 Tied up in settlement we hear (7)
6 Elderly promoted for a long time (8, 2, 5)
7 Sucker for the lemonade bottle (5)
8 Girl was responsible for success of railway (8)
9 Way in which Bill gets to church on board (6)
16 He's responsible for course taken by neatherd (9)
17 Took part in fight thrown away (8)
19 Word ending in county with one vote (6)
20 26 have study to give up (7)
21 Hundred pounds given for foreign coin by a student (6)
23 In the past encircled upper-class lightweight (5)

Solution to Puzzle No. 4,212



FINANCIAL TIMES SURVEY
Friday February 29 1980

PENSIONS AND EMPLOYEE BENEFITS

Some of the fringe benefits enjoyed by employees, particularly those in the senior ranks, are thought in Government circles to be excessively generous. It is a view opposed with rare unanimity by both management and unions, who regard them as essential elements in the total remuneration package.

" . . . about 80 per cent of senior management . . . use company cars "

Entrenched role in society

By David Freud

FRINGE BENEFITS probably play a more important role in the UK than in any other country. The benefits range from company pensions and cars to housing loans, educational assistance for children and medical provision. The popularity of using benefits instead of additional salary to remunerate employees stems to a large extent from the very high tax rates operating in Britain until recently. But, even though marginal rates were savagely cut back in the last Budget, the system, once evolved, looks like proving extremely durable.

Last summer the Government, behind the shelter of an Inland Revenue consultative paper, opened the first salvo in the battle to reduce the use of fringe benefits. But the proposal to make the taxation of the benefit to employees of using company cars more realistic, and thereby to reduce the attraction of giving employees cars as opposed to cash, was heavily criticised.

Conservative Ministers in the Treasury are still determined to reduce the extent of benefits, but they are now well aware of the political problems of such a policy. The measures in the coming Budget over company cars will provide a clear signal of their longer-term intentions over this issue.

There is evidence that in spite of reduced tax rates and Government disapproval of the system, companies are still actively looking for new ways to reward key executives. According to a survey of 200 public companies conducted recently by the London executive search group John Courtis and Partners, less than 10 per cent of companies are intending to reduce or eliminate fringe benefits before the Budget. Less than 20 per cent intend to replace any benefits which do become taxable in the Budget with commensurate salary increases.

Attitude

In the Revenue paper, the Government spelt out its attitude to fringe benefits and perks. It said that the previous regime of very high personal tax rates encouraged remuneration in the form of non-cash benefits, and this was one of the reasons the Government initiated a programme of major direct tax cuts in the last Budget, when the top rate on "earned" income was reduced from 83 to 60 per cent.

"Such benefits are seldom shared logically or fairly between taxpayers, they distort and obscure the working of the employment market and, by their nature, they result to a lesser or greater degree in a loss of revenue," said the paper.

Car and petrol benefits were picked as the first target. The document said that since car benefits were believed to account for about 80 per cent of fringe benefits apart from pension provisions, the Government considered it appropriate to begin with a review of that sector.

Management of British industry and unions achieved a rare degree of unanimity in opposing any such change. They argued that while some perks were indeed simply a less heavily taxed method of remunerating employees, in other cases they provided necessary tools for the job. The salesman's company car, it was argued, was a key business tool and it was unjust to tax him on its provision at a heavy new rate.

The Institute of Directors suggested that there were three kinds of fringe benefit, the first being pension provisions which were wholly legitimate and should be encouraged. The second were in a twilight area, as in the case of cars which could be more or less of a business essential depending on the employee; these were dubbed perks proper, while "querks" were benefits designed with the sole intention of transmitting remuneration to employees in a "tax efficient" way.

One of the Government's main problems is that perks have expanded so fast that the rules introduced for administrative simplicity provide plenty of room for "querks" in individual cases. Cars are a good example.

Directly

In most other developed countries, employees are taxed directly on the benefit of the private mileage in a company car. This is usually done by establishing the proportion of private to total mileage and assessing the benefit as this proportion of the overall standing charge and running cost of the car.

This approach was used in the UK up to 1976. By then, however, as the proportion of car sales to companies rose towards 70 per cent of total sales, the standard scale of benefit was introduced. The Government believes a reduction in the tax advantages in the provision of company cars could bring the numbers down closer to those in other countries.

Comparative figures compiled by the research organisation Inbucon show that in the UK about 80 per cent of senior management—including chief executives, deputies and heads of function—use company cars. In Belgium and the Netherlands the comparable figure is about 50 per cent, while in France it is between 40 and 45 per cent. Lower down the scale about 35 per cent of senior management in Italy and West Germany have company cars and 30 per cent in Switzerland and Spain.

By comparison, there are few company cars in the U.S., Australia, Canada and the Scandinavian countries.

Quite apart from company cars, the UK also tends to make more use of other types of fringe benefit. Luncheon vouchers are tax free—up to a fairly low limit—in Britain, as are "representative occupations," or the benefit of houses tied to a particular job. This is close to the position in the U.S., where meals taken on the business of employers are not taxable, as well as the provsion of representative occupations.

Germany allows lunch vouchers and untaxed beer and cigarettes for workers in these specific industries in much the same way as UK miners are allowed tax-free coal. But a stricter attitude is taken in France, where meals and representative occupations are fully taxed.

More important than these is the area of pensions and health and life insurance. Company contribution to life insurance is popular in several European countries as well as the UK, notably Belgium, France and Spain. The usual practice is for employer's costs to be allowed as part of expenditure and for employee's contributions to be removed from taxable income. Major complications to the tax treatment in Germany means the practice is rare.

Popular

European State pension schemes tend to be much more generous than the UK State scheme, and accordingly private pension arrangements are less usual. However, there is wide use of health insurance. Private insurance is popular in the Netherlands and the UK, while in France companies often arrange to cover the 20 per cent of health costs payable by the individual as opposed to the State. But health schemes are uncommon in Germany, Spain, Switzerland and Italy.

The U.S. lags behind Europe in the company provision of these pension and insurance benefits, although there has been a rapid increase in recent years. American companies tend to place more reliance on incentive schemes than perks.

As well as being highly placed in the international league of each of these provisions — usually top placed—British companies have been taking advantage of a range of other possibilities. A book published recently by the Economist Intelligence Unit called "UK Tax Savings for the Higher Paid" spends the great bulk of its 110 pages spelling out that various tax wrinkles a company can take advantage of in remunerating its employees.

Among the many wrinkles are the rules on loans. For instance, the 10 per cent rule for valuing benefits leaves the employee with a significant saving, particularly in the case of assets with a relatively short life. It would cost about £80 a year to hire a portable television set selling in the shops for £230. Under the 10 per cent rule the employee would pay tax on only £23 per annum.

Another area in which the UK probably leads the world is in educational assistance for children. While these benefits have been under attack from the Inland Revenue in the past couple of years, such benefits can still be passed on throguh the use of a trust on a discretionary basis without being taxed in the hands of the employee.

It is likely to be a considerable time before the Government succeeds in eroding the perks system. Tax, while important, is not the only element sustaining it. Companies also find it convenient to use fringe benefits as a disincentive to executives leaving them. Unwrapping cheap loans, company cars and educational support for children, as well as giving back the TV and hi-fi, makes moving on a complicated process.

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PENSIONS II

Scope for improvement still exists

COMPANY SCHEMES

In the period since the war there has been a steady growth in company pension schemes providing pensions in a tax-efficient manner, both for the employee and employer. The benefits provided by these schemes, both at retirement and on death while still working, have steadily improved.

It has now been universally accepted that the pension at retirement should be based on salary prior to retirement. Final salary pension schemes are now universal. Employees now have the valuable option at retirement to commute part of their pension for a tax-free lump sum. On death in service, schemes provide a widow's and dependants pensions, plus a lump sum based on salary at the time of death, again free of all taxes, including Capital Transfer Tax.

These generous benefits have to be paid for and the bulk of the cost is borne by the employer. The company pension scheme has become one of the most valuable fringe benefits and is available to all employees.

But until recently, not everyone could look forward to a decent pension at retirement. The alternative to the company providing a pension is the State doing the job. Since the war, the State has provided just the basic flat-rate pension available to everyone. Attempts by successive Governments over two decades to establish a State earnings-related pension scheme failed to get total acceptance.

Eventually, the last Labour Government succeeded in designing a scheme which was accepted by the Tories. This was enshrined in the Social Security Pensions Act 1975 and the scheme started in April 1978. The one surprising feature of the scheme was that company pension arrangements were given an important role to play—the so called "partnership" between State and occupational schemes.

The benefit structure of the new State scheme took the basic State pension and added a second tier earnings-related pension. This is based on an employee's best 20 years earnings since the scheme started, each year's earnings being revalued in line with national average earnings. But employers could "contract-out" their employees from this second tier and provide the earnings-related pension through a company scheme.

Both employees and employers "contracted-out" have a rebate on their National Insurance contributions, another attraction for the higher paid employee. Company pension scheme contributions are allowed for tax at the top rate, while NI contributions get no tax relief as far as the employee is concerned.

Hectic

The pensions industry took up the challenge presented by the new State scheme. Over 20,000 pension schemes covering more than 10m employees were contracted-out. The time scale for implementing the necessary and often complex changes was comparatively short and it meant a hectic period for the industry. Now all involved in pensions are hoping for a decade of quiet, with no further legislation, so that they can digest these changes.

But this desire for peace should not sidetrack the industry from seeking to improve the pension arrangements both for those employees relying solely on the State and those in a company pension scheme.

The State scheme has only one main aim: to provide an adequate level of income to persons on retirement or to those women widowed and not eligible for a retirement pension. It does not provide lump sum benefits on retirement or on death, except for the derisory £30 death grant. As an employee benefit alternative to a company pension scheme it does only half a job.

Thus for those employees relying only on the State scheme, there is an opportunity for a company arrangement providing lump sum benefits on death or retirement. Several life companies offer a ready-made package that will provide these lump sum benefits—invariably for tax reasons the cost is borne by the company.

Then the State scheme will provide inadequate pensions to the higher paid, those nearing retirement and to women widowed at a young age. There is a need for a scheme that will provide pensions on top of those given by the State.

But there is usually scope for improvement in the benefits of company schemes, within the maximum limits laid down by the Inland Revenue. One common shortfall is related to the lump sum death in service benefit. The maximum limit is four times salary, but the normal benefit is twice salary. It must be remembered that the minimum benefit levels necessary for contracting-out are well below these Revenue maxima.

Such generous benefits have to be paid for and it is not uncommon for employers to be paying as much as 30 per cent of the payroll for a top class pension scheme, the costs depending on the demographic structure of the workforce.

In the UK, in contrast to some European schemes, it is traditional to operate company pension schemes on a fully funded basis. This means that the liability for benefits incurred in a particular year are paid for as they arise, even though actual payment is sometime in the future.

By operating on a funded basis, the assets and liabilities of the pension scheme are kept quite separate from the finances of the parent company, and it imposes a financial discipline on the company to meet the cost of benefits as they arise. The company cannot grant higher benefits and defer the cost as with an unfunded scheme. But for funding to be viable, the investment return on the fund's assets has to match salary inflation.

The past decade has been an era of high inflation, during which the real value of investment returns has been erratic. Some periods have thrown up negative returns, a situation which if prolonged means higher contributions. Companies paying high rates of interest for their working capital, have, under the funding arrangements, continually to pump more money into an ever growing pension fund. The arguments for and against funding are finely balanced.

Disquiet

Pension funds are now the largest providers of long-term capital in the UK. Yet there is no public accountability, a feature that is causing some disquiet. It is anticipated that this theme will be one of the subjects dealt with in the report of the Wilson committee on financial institutions, when it eventually appears.

Company pension schemes in the UK are established under a trust and administered by a board of trustees. The trend in Britain is towards involving members in the various aspects of pension schemes and away from employer paternalism. Member representatives are being appointed to trustee boards.

The duty of the trustees at all times is to the members of the pension scheme and this covers investment, administration and providing information. The question is whether full member accountability, with trade union involvement, can be an effective substitute for public accountability. The role of member trustees and member involvment in company pension schemes is going to be vital if the pensions industry is to retain its freedom from Government controls.

Eric Short

Knotty problems to be solved

TRANSFER RIGHTS

THE COMPANY pension scheme is the most valuable of employee benefits, but that value is diluted each time a person changes job. For in the private sector persons moving around can rarely take their full pension rights with them.

The problem of transferring pension rights has been under discussion for many years. So far, no complete solution has been produced, though the problem is currently under consideration by the Occupational Pensions Board (OPB).

The occupational pensions industry is geared to providing pensions to employees who remain with the same employer, rather than to those who change employers. The common formula under a company pension scheme is a pension of 1/60th of final salary for each year of service up to the Revenue maximum of two-thirds of final salary. No allowance for service before membership is allowed, so an employee needs to complete 40 years' service with the company, almost a working lifetime, to qualify for the maximum pension.

Prior to 1975 the amount an individual got from his pension scheme when he left depended solely on the rules of the scheme. Usually it was a return of his own contributions, without interest, with no credit for the contributions made by the employer during the period of service.

The 1973 Social Security Act set out to correct the situation, so that members changing jobs would get some entitlement to the employer's contributions. Under this procedure, a member will automatically be awarded a preserved pension on leaving in respect of the service in the scheme, provided that service is at least five years.

The qualifying periods count from the operative date of the Act—April, 1975. Membership before that date does not apply. So the first automatic preserved pensions will apply to persons changing jobs from April, 1980.

An example will show how the current preservation formula works. Consider a scheme paying pensions at 65 of 1/60th of salary for each year of service. A member changing jobs in April with at least five years' membership will get a preserved pension of 5/60ths of his salary at the time of leaving, the pension deferred until the member reaches 65. If he leaves in April, 1985, the deferred pension will be 10/60ths of current salary. Eventually the formula will apply to all years of service, but no allowance is made for future increases in salary.

Under the new State scheme, an employee who is not contracted out will get the same pension from the State irrespective of how many times he changes his employment. Company schemes that are contracted-out provide this protection for members that leave, but only up to the equivalent State level.

The 1973 preservation provisions would give an equitable return to the employee leaving service provided there was no inflation. No one would expect the previous employer to pay for the effect on the final pension of promotional and merit increases given by the new employer. But inflation is a different problem. Already it has been demonstrated that the 1973 Act requirements are no solution to the problem, even before they start to apply.

Questions

The OPB has to find a solution to two questions. First, should people forfeit pension rights on changing jobs and then if not, how are the costs to be apportioned between employers or other parties beyond the current system.

The first question should have an obvious answer. It seems only natural justice that no-one should forefeit pension rights. There is no problem in the State scheme and similar considerations should apply to company pension schemes. At retirement, a person's pension should relate to his complete working life and not just to service with his last employer.

Yet this argument is not universally accepted. Those opposed to full transfer of pension rights claim that people changing jobs do so with their eyes wide open to the pension situation. If the lure of a new job outweighs the loss of pension rights, then the employee has no one but himself to blame if he subsequently finds his pension is lower. No one forced him to change jobs.

However, the OPB is expected to accept the more general view that a person's pension rights should be carried over on change of jobs in a manner that should reflect the current inflationary situation.

The OPB has to decide on how to maintain pension values and who is going to pay for the extra cost. Its suggestion on protection is to increase preserved pensions in line with some inflation indicator, such as national average earnings or the Retail Price Index. The earnings index would be the most obvious. Both State and occupational pension schemes effectively revalue pension entitlement in line with earnings. Such a link is advocated by the TUC in its evidence to the OPB.

But who is going to pay for this revaluation? The OPB is seeking views on whether it should be the old employer, or the new employer or a third party. And there is scope for a variety of views.

The obvious choice is the old employer, though he may well take the line that once the employee has left his service, the employer should not continue covering inflation — a liability over which he has no control. But the old employer accepts the revaluation of the State equivalent pension for leavers.

The new employer is not going to be happy taking on a liability for a new employee that was incurred before he joined the company. It would make such employment ultra expensive and thus clamp down on job changing.

This leaves the intervention of a third party—the State. But why should the State pay more for protection to company scheme members than to full members of the State scheme?

The solution has to be some form of compromise and the Life Offices Association put forward possibly the most satisfactory solution. It feels that there should be some fixed ceiling on the revaluation so that the old employer, whose liability it would be, would not be faced with an open ended commitment.

There is already an existing precedent in the operation of the State scheme. The equivalent State portion of the preserved pension is revalued in line with earnings. But the employer can, and usually does, revalue at a fixed rate of 8½ per cent, with the State making up any shortfall at the time of retirement.

Herein lies the crux of any solution—the burden of costs. Resources are finite, and employers may accept an additional financial burden for improving benefits of existing members, but not for persons who have left their service. Warnings from the pensions industry are that in many schemes, improved payments for leavers could only be made by cutting back benefits of existing members.

The OPB is concerned with the effect of any solution on the solvency of company schemes. At the end of the day, the employer could wind up the company scheme and put his employees back into the State scheme.

Eric Short

Busy time meeting demand

EXECUTIVE SCHEMES

THE COMPANY pension scheme is the most tax efficient savings vehicle available to employees. Contributions attract tax relief at the top rate, while lump sum benefits are paid out free of all taxes and pension payments are taxed as earned income.

Thus the higher an individual's tax level, the more valuable become these tax concessions and the more tax efficient is the pension scheme. Not surprisingly, there has been a boom in the marketing of executive pension schemes set up separately from the main company scheme, following the 1973 Finance Act which allowed controlling directors to become members of company pension schemes.

Briefly, the benefits provided under such schemes are:

- A lump sum death in service benefit, free of all taxes including Capital Transfer Tax, of up to four times salary. This benefit is available until age 75.
- A pension at retirement of two thirds final salary after a *minimum period of ten years'* service. The pension can be made inflation-proof by revaluing annually in line with the rise in the Retail Price Index.
- The option at retirement to convert part of the pension into a tax-free lump sum of up to one and a half times final salary, subject to a minimum of 20 years' service. The commutation formula converts gross pension into tax free cash, making the lump sum more valuable for the higher rate tax paying executive.
- Maximum widow's pension, taxed as earned income, on death during service or after retirement.

The contributions paid by the company are fully eligible for corporation tax offset, while any contributions paid by the member qualify for tax relief at the top rate. To maximise benefit levels, the executive should pay the maximum contribution possible, up to 15 per cent of salary, getting a corresponding salary rise to offset the payments.

The other main benefit of pension schemes is that the contributions are invested in a tax-exempt fund, so the roll-up of savings is on a gross basis. No individual, saving on his own, could hope to match this inbuilt investment advantage.

There is nothing exclusively special about these benefits as applied to executive pension schemes. They are available to all company pension schemes, being the maximum limits set out by the Inland Revenue. So why set up an executive pension scheme separate from the main company pension scheme? Basically, there are two reasons for such action.

Flexibility

A separate scheme covering a small number of directors and *executives can provide* flexibility in tailoring the benefits to suit an individual's requirements. To provide such flexibility on *the main* scheme would cause administration problems and be a possible source of conflict with the trade unions.

Secondly, the cost of providing top level benefits for all company employees in the main schemes would be in most cases prohibitively high. The greater contributions as a percentage of salary paid to the executive scheme represent part of the higher overall remuneration to those directors and executives. The executive pension scheme is the most efficient vehicle for transferring money from the company to the director, though the benefit of the transfer is deferred. This is an essential feature of these schemes for the controlling directors of small and medium size companies.

Not surprisingly, the use of executive pension schemes now *figures high* in the tax planning exercises both for the company and for its directors. There are special uses for small companies in varying the pension contribution to keep down taxable profits in good years.

Companies interested in setting up an executive pension scheme have a variety of schemes from which to make their choice. The life companies, including the linked companies not in the mainstream company pension sector, have designed executive contracts aimed at tapping this potential market. The sales figures of the past few years have shown how buoyant this market has been.

The traditional life companies offer both with-profit and deposit administration conventional type schemes. The feature of these schemes is the inbuilt guarantees on investment, whether the fund concentrates on the benefits provided or on accumulating a cash fund out of which the pension is bought at retirement. Either part of the benefit is guaranteed or the rate of interest credited. Bonuses, including a terminal bonus at retirement, are paid at regular intervals.

With these conventional schemes, the investment of the funds is entirely in the hands of the life company. The underlying common fund takes the form of a mix of equities, property and fixed-interest, the proportions depending to some extent on the level of guarantees.

Straightforward

The operation of unit-linked schemes is more straightforward to understand. The assets of the pension scheme are built up by investing in units of the various funds offered by the life company. There is usually a wide range of funds with switching facilities between them. The client has some choice on the mix of investments or it can be left to the life company by investing in the managed fund.

It needs to be pointed out that the investment performance of the life company does not directly affect the benefits paid. These are set out in terms of the executive's salary. But a shortfall in investment performance means higher contributions to the scheme to meet the shortfall. Of course, the company can refuse to pay higher contributions, in which case the benefits would be cut.

There are many factors to be taken into account in choosing a scheme—past performance, the degree of financial guarantees, the investment reputation of the life company and the degree of involvement. The Money Management handbook on executive pensions and benefits describes the various schemes available in the market *and compares past performance.*

But using a life company scheme has one major disadvantage for many companies. The pension funds assets are effectively locked away and invested in a wide spread of companies and properties. But the parent company cannot touch those assets, even though it could put the money to good use.

There is, however, no reason why the executive scheme should not run on a self-administered basis, just as the mainstream company pension scheme can be put on a self-administered system. The Inland Revenue has accepted this principle, subject to certain conditions set out in its well known Memorandum No. 58, for what is described as small self-administered schemes.

Although such schemes can do their own investment, it has to insure the death in service benefit *with a life company.* And the pension scheme has to purchase an annuity to cover the pension payments other than the first five years' pension —the *usual guaranteed period* of payment.

With a self-administered executive scheme, *part of* the assets can be invested back in the company as part of its financing arrangements. This *self-investment* can take the form of loans, sale and leaseback of property and holding company shares. The tax exempt status of the pension scheme means that in many cases it is more tax efficient for the pension scheme to hold assets and build up reserves than the parent company. This facility is most useful for the family controlled company.

The Revenue, however, in its memorandum, set out certain safeguards for this self-investment. The loans must be on a commercial basis with definite repayment terms. The pension scheme is not a cheap source of finance. Property investment is closely scrutinised to ensure that cash is available in the pension fund when needed.

Nevertheless, the attractions of a self-administered scheme are such that the number of schemes set up on this basis has mushroomed over the past few years to an extent unforeseen by many. Companies do not like locking away large amounts of cash that cannot be utilised, and the urge to do-it-yourself is very strong in many businesses.

E.S.

Focus on neglected sector

SICKNESS AND DISABILITY

CONSIDERABLE attention has been given during the past few years to designing employee benefits to boost the overall renumeration package of employees. These have involved the company car, cheap mortgages, free meals and other benefits of immediate value. Much has been done on the *design of company pension* schemes to ensure that the employee will have an adequate pension in retirement and that his family are financially protected should he die while still working.

But what happens if the employee falls sick or has an accident? The need for financial protection for himself and his family is just as great, if not greater, than if he died. Yet far less attention has been paid to this problem, and what solutions have been put forward are often far from adequate.

One reason why so little has been done is that many companies do not consider that sickness is a problem. The experience of Mr. Peter Dalby, managing director of Kininmonth General, a leading broking firm specialising in sickness schemes, is that companies feel there is no need for cover. They can only recall a few instances of long-term sickness and they feel that these can be dealt with on an ad hoc basis.

But the statistics of the Department of Health and Social Security show a different picture. The latest figures show that some 427,000 people were receiving invalidity benefit for a period exceeding six months, over 2 per cent of the working population.

However, now that there is little potential left for new company pension scheme business, the consultants are devoting more time and effort to explain the advantages of company schemes covering both short-term sickness and long-term disability.

The problems of sickness tend to be treated in two parts — short-term and long-term — each receiving different treatment. For both cases, employers can take the straightforward way out and take the employee who falls sick off the payroll until he or she is fit to resume work. The job is usually kept open over a certain period say 13 weeks.

As far as the employer is concerned the solution is simple and neat. He does not pay any wages or National Insurance contributions while the employee is off work. But the employee has to rely on the State for his income while off sick and the benefits are far from generous.

Other employers are more enlightened and keep the employee on the payroll for at least a certain period, varying from 13 weeks to as much as two years. During this period, the employee's salary will be made up taking into account the Social Security sickness payments. A sliding scale payment might be used, say full pay for the first six months off, three-quarters pay for the next six months and half pay for a further year.

Ensure

Since Social Security sickness benefits are at present tax-free, the employer has to ensure that the net pay of the sick employee is not higher than that received when he is working. Not only would the employer be paying more than necessary, but he would be paying it for longer than he needed to do.

But the employer is also paying National Insurance contributions while the employee remains on the payroll, a heavy burden on present rates, especially when the employee is not working. NI contributions are now in the nature of a payroll tax.

This problem can be overcome by the use of sick pay schemes which, provided that the benefits are payable under a properly constituted trust, are [illegible]ed as a benefit in kind. Thus they are excluded from the computation of earnings and do not attract NI contribution liability. Mr. Dalby considers that by using such schemes the company can save between 1 per cent and 1½ per cent of total payroll costs.

Under such schemes, it is usual to exclude payment where sickness is of three days' duration or less. For short periods of sickness it is not worth taking the employee off the payroll.

However, this situation could alter if the Government's proposals to change the Social Security system regarding sickness benefits ever takes place. It is considering making these benefits subject to tax and making the employer responsible for making the first eight weeks' sickness payments. Until the consultative document is published setting out the details of the proposals, it is difficult to comment on the likely effects.

If the employee is off sick for a prolonged period, with the possibility of being permanently disabled, a different approach is necessary. The employer may be prepared to continue keeping the employee on the payroll, but more often the employee is given an early retirement.

This is likely to be a most unsatisfactory solution for the employee, both financially and socially. The pension paid on early retirement, being based on the usual years of service formula, will be far from adequate. For instance, a 45 year old executive, who joined his company at 35, will, on the 1/60th formula, get an early retirement pension of 1/6th of salary—plus invalidity benefits from the State Social Security.

Just as important for the disabled employee is the fact that by being retired, he loses the life cover and widow's pension rights, just at a time when such cover is essential. His chances of dying are obviously much higher than if he were fully fit. Many life companies would not accept him for life assurance.

Then there are the social implications of early retirement. The employee may well feel that he is being thrown on the scrap heap as useless to society, this coming on top of being a burden to his family. He possibly feels that he can still perform a useful job work given the opportunity. But employment for the disabled is a problem area.

Thus many employees, suffering from a disablement, often struggle to hold on to their jobs to avoid the financial and social consequences of early retirement. Yet they could quite capably fulfil less demanding posts within the company.

The solution is for the employer to take out a Permanent Health Insurance scheme covering his employees. With such a scheme, the discretionary element of sick pay for long-term sickness is removed. It also avoids the problem of early retirement and maintains pension scheme membership.

A PHI contract essentially pays the employee's salary while he is sick or disabled. Benefits start after a certain period selected by the employer, such as 26 weeks, and continue throughout the time the employee is ill, up to a certain age, usually 65. The amount of payment depends on the nature of the disablement. The maximum payment is normally *fixed at 75 per cent of* the employee's salary, less State social security payments.

The usual arrangement is for the company to pay the contributions and the benefits paid to the employee under the PAYE system. Premiums are allowable as a trading expense and the benefits are taxed as earned income. Being on the payroll, the employee remains a member of the pension scheme. The PHI contract can be tailored to fit into short-term sickness benefits at one end and pension arrangements at the other.

But above all, the scheme can arrange for the employee to be moved to a different job within his new capabilities and his salary made up to the old level from the scheme. He need no longer feel unwanted.

E.S.

PENSIONS IV

Cheap loans a valuable perk

HELP WITH THE MORTGAGE

IN TIMES of scarce credit, a strong case could be made for getting a job with a bank or insurance company. Not only do high interest rates tend to boost the profits of these financial institutions (and at the same time presumably enhance the wellbeing of those who work there); banks and insurance companies also play a major part in helping their employees pay for a house.

With the mortgage interest rate at a record 15 per cent and queues outside the building societies showing little sign of getting shorter, a subsidised home loan must count as one of the most attractive perks around. Buying a house is arguably one of the best investments anyway — and to receive assistance from employer and Government alike (from the Government through tax relief on the interest element of mortgages up to £25,000) is like icing an already cream-filled cake.

Companies help their staff ease the undoubted financial strain of buying a new house in two main ways. The simplest but most expensive option, and one almost certainly confined to banks and insurance companies, is to lend their own funds at concessionary rates. The disadvantage here is that this can tie up a lot of capital at uncompetitive rates of interest—something not just engineering companies are anxious to avoid at the moment.

Another drawback from the employee's viewpoint is that someone receiving this perk who decides to move both job and company is likely to encounter financial difficulties if his new employer does not offer the same deal. Building societies, for example, are reluctant to offer refinancing packages at times when their resources are already insufficient to cope with demand.

Lending the company's money to provide cheap loans for staff is now fairly widespread in banking and insurance circles. But while many would no doubt like to abandon their commitments given the current climate of high interest rates, they realise that they would only place themselves at a competitive disadvantage in the labour market.

More satisfactory for the company is to soften the financial blow of buying a house through interest subsidies. The argument which financial groups use is that employees in other industries get some sort of trade discount terms on the products or services provided by their companies. Banks and insurance companies are in the money lending or money investing business and the preferential terms therefore simply represent a discount on money.

Primarily

Many companies may see subsidised loans as just another perk, but in the experience of Mr. Brian Evans, assistant director of Sedgwick Forbes Bland Payne Personal Financial Management, most companies set up cheap mortgage schemes primarily to help their employees move inside the group from one part of the country to another. Living in the manner to which you have been accustomed in, say, Leeds or Manchester costs considerably more in suburban London and a pay increase may in many cases be insufficient to make up the difference.

Under the subsidy arrangement an employee simply applies for a mortgage from a building society or bank in the ordinary way. He then receives from his employer a lump sum (in addition to his salary) to help pay off the interest. This may be confined to the early years when monthly repayments can cause the most financial hardship. With the mortgage rate at 15 per cent, a typical subsidy could leave the borrower paying no more than 5 or 6 per cent on his loan.

Very often, according to Mr. Evans, subsidy schemes go hand in hand with some sort of formal arrangement with a building society. In these cases the company agrees to deposit a fixed annual sum with the building society in return for a guaranteed number of mortgage allocations. A ratio of 3:1 (£400,000 worth of mortgages in return for a £200,000 deposit) is not apparently untypical, but Mr. Evans stresses that these agreements are generally limited to medium-sized building societies and major companies. Businesses with 20 employees and a single branch in Bognor Regis need not apply.

The large societies, meanwhile, with their extensive branch networks are seldom, if at all, interested—they are already inundated by applications for mortgages by would-be housebuyers coming in off the street.

Companies which operate an SAYE or Additional Voluntary Contribution (AVC) plan through their local building societies often use these regular investments to seek guaranteed mortgages in return. Other options, however, can be explored if there is no such scheme in existence. For example, assuming the company does not wish simply to tie up its own cash for long periods, its pension fund may be able to put up to money.

Advisers stress that pension fund trustees will have no objections as long as the company pays into the pension fund the difference between the interest earned in a building society account and the interest which that pension fund could earn for its cash in the money markets.

Building societies currently pay about 9.25 per cent net to corporate investors. Unlike private investors gross funds like pension funds can reclaim tax at the basic rate, giving them a gross return of 13.21 per cent. Thus, taking 17 per cent as the commercial rate which large investors can currently command in the money markets, the company will be obliged to top up to the tune of around 4 per cent. On say a £200,000 deposit this works out at an £8,000 payment to the pension fund in return for guaranteed mortgage finance throughout the year.

It is worth remembering that the advantage to a company is *not just that the inevitable* disruptions suffered by employees "on the move" can be kept to a minimum. The financial attractions are in themselves considerable.

Without the facility of guaranteed mortgages, companies are often forced to provide expensive bridging finance for their employees. This may well be needed to cover five or six weeks in a hotel or even payment for a house while the employee bides his time for a home loan from the building society. The chances are that the interest lost on this bridging finance will comfortably exceed the top up to the company's own pension fund.

Implications

What about the tax implications? From the employee's point of view a subsidy from the company to reduce his interest payments will (like the rest of his income) be liable to income tax. On the other hand, the same person will be able to claim tax relief in the ordinary way on loans up to £25,000, which makes the company's contribution effectively tax-free. On the balance of any loan above £25,000 the borrower will not get tax relief and will therefore pay tax on part of any subsidy.

As far as the company is concerned, the subsidy is classed in the same category as salaries and other employee expenses and can therefore be offset against profits before corporation tax is levied.

What sort of companies operate subsidised mortgage schemes for their employees? According to Mr. Malcolm Ballisat, a director of employee benefit consultants Wyatt Harris Graham, financial institutions tend to be most interested. "Companies tend to come to us looking for specific arrangements. I have one client in the oil business, for example, which gives its employees a subsidy for a maximum of three years."

Like others familiar with this type of scheme, Mr. Ballisat stresses that only large companies are likely to find a tie up with a building society. Interest, moreover, has tended to tail off just a little of late. "Quite apart from companies' reluctance to provide cheap money, they realise that they can no longer as in the past offer these loans simply to their male staff. Furthermore, the subsidies tend to discriminate unfairly against some employees. Those with a bigger house do better even if they're on the same salary band."

Tim Dickson

Means of by-passing hospital queues

PRIVATE MEDICINE

PRIVATE HOSPITAL treatment in the UK is no longer the sole prerogative of the wealthy. It is now becoming available to a much wider section of the population through the provision of company-sponsored hospital expenses insurance plans.

When these plans were first launched, they were primarily an executive benefit. For many executives, private medical treatment is regarded as a privilege and the insurance scheme a "perk." But there are several advantages to the company in having private medical treatment available for key personnel.

No one is likely to give 100 per cent effort if there is something physically wrong. It is in the company's interest, as well as the employee's, to have that complaint put right as soon as possible. But the queues for treatment of certain illnesses under the National Health Service grow longer with the passage of time. It could be months before the employee could get attention.

The queue can be avoided by using private medical facilities. In addition, the timing of the operation necessary and the stay in hospital can be arranged at a time to suit the employee and the company to minimise disruption to work. Finally, once the immediate post operative period is over, say 24 hours after the operation, the executive can keep in touch with his work, providing he has a private room, a telephone and ample visiting facilities.

But if the company endeavours to pay the hospital costs direct, then such payments are treated as a benefit in kind for that year of payment, and taxed accordingly. The amounts involved can be considerable. The weekly cost of staying in a NHS London teaching hospital paybed is £521.

However, with an insurance scheme, which meets all the medical costs, the benefit in kind is the contribution paid in respect of each member.

Dominated

Hospital insurance in the UK is dominated by the provident associations—non-profit making organisations whose origins go back to pre-NHS days. The largest, with over three-quarters of the market, is British United Provident Association, followed by Private Patients Plan and Western Provident Association. There are a few other small associations still active, while a few companies offer medical insurance, but it is nowhere near the scale operated by insurance companies in the U.S.

The main benefits provided by these insurance schemes cover all expenses involved in receiving private treatment. These include hospital charges, surgeons' and consultants' fees, the fees of anaesthetist and technicians, costs of drugs and medicines and other necessary items.

The associations have, over the past few years, been steadily improving the design and coverage of their company schemes. Under the plans available to the larger companies, the contributions charged can be related to the claims incurred under that particular scheme. The design for smaller companies tends to spread the risk between schemes.

Companies interested in medical insurance schemes need to compare the plans regarding coverage, limits of benefit and contribution rates. The benefit consultants are now becoming closely involved in arranging these schemes as part of their service to clients.

In recent years, companies have been expanding the scope of their medical schemes to include most or all employees. Despite the total opposition of the TUC, many trade unionists have accepted membership of company schemes. The pay policy of the last Labour Government put a brake on the establishment of these schemes, but last year membership took off. At the end of 1979 there were 841,000 members covered by company schemes operated by the three major provident associations compared with 784,000 at the end of 1974.

Another trend in these schemes is for the employee's family to be covered, since an employee is not likely to give 100 per cent effort if his family is ill. Thus the number of persons covered by company schemes is much greater—possibly over 2m.

The latest development in this sector is insurance schemes to meet the cost of private dental treatment, with the company making the contributions. The need for such schemes has been boosted by the recent problems of dentists in the NHS and a discernable trend towards a greater use of private treatment.

E.S.

Built into the life-style

COMPANY CARS

THE BOOM in fringe benefits over the last three or four years largely occurred because of pay restraint and the burden of taxation on higher paid executives. Now that the rates of taxation have been reduced and pay restraint is no longer with us, for the time being anyway, it may appear less necessary to incorporate "perks" into the employee remuneration package. However, the company car has almost become a way of life for some executives and it would take more than the existing cuts in taxation for its popularity to wane. The Inland Revenue is of the opinion that car benefits account for 80 per cent of the total value of fringe benefits (other than pensions) and that the tax charges on those individuals with company cars are totally unrealistic.

The system of taxing the provision of company cars changed in 1976 although it still does not extend to "lower paid" employees, that is, those whose earnings plus total expenses and benefits amount to less than £8,500 (from April 6, 1979). Directors and "higher paid" employees can achieve a very favourable position: where their business use of the car exceeds 10 per cent of its total use the benefit on which they are assessed is based on a scale charge which is geared to the engine capacity and, in the case of more expensive cars, to the cost of the car.

The maximum benefit assessment is still only £880 for a car costing over £12,000. An executive whose taxable earnings exceed £25,000, and who is therefore on the top rate of tax applicable to earned income of 60 per cent, therefore pays only £528 (60 per cent of £880) for the use of say a Jaguar XJS provided 10 per cent of the car's mileage counts as business use. This cost bears no relation to the actual cost of running this type of car out of net income and provides the executive with a very acceptable status symbol. Where the total business mileage exceeds 25,000 in a year the scale benefit is reduced by half.

The scale charges were not intended to cover petrol used during private motoring since it was felt that employers generally only met the cost of petrol used on business journeys. However, the wording of the legislation makes it possible for an employer to provide petrol for private use without a further tax charge provided the cost is charged to a garage account in the employer's name, and more and more employers are taking advantage of this. The Revenue does not like this situation, which makes the scale charge even more unrealistic.

The Inland Revenue has one further line of attack. Where the employee has an option as to whether he receives cash or a benefit, or sacrifices salary in exchange for a benefit, the Revenue may seek to assess the salary foregone and ignore the provision of the benefit.

The Government would like to bring about a contraction in the growth of fringe benefits and impose a more realistic tax charge on those who continue to enjoy them. For this reason, the Inland Revenue issued a consultative document in August 1979 for consideration by the motor industry and other interested bodies on the taxation of cars and petrol as

CONTINUED ON NEXT PAGE

A good idea waiting to take off

PROFIT SHARING

THE GRANTING of tax advantages for profit-sharing—by means of the distribution of shares to employees — is still relatively new in the UK, and the advantages themselves are not especially generous. The financial year just ending is the first in which they have been available under the terms of the 1978 Finance Act.

There has been enough interest for supporters of profit-sharing schemes to claim a respectable degree of success. Equally, detractors can say that the schemes have never really got off the ground.

The legislation to encourage profit-sharing was conceived in the most progressive and well-meaning spirit, but its birth was distinctly inauspicious. It remains as one of the only monuments to the Lib/Lab pact, under which the Labour Government offered small concessions to Liberal policies in return for Liberal support for its minority administration.

Favoured

The Labour party favoured power-sharing, that is, putting trade unionists into boardrooms, at the expense of profit-sharing, and it seems to have permitted the new legislation to keep the Liberals quiet rather than from any profound conviction.

Equally, most of the companies which embraced the scheme early on were principally interested in finding a new way of stretching wage controls to supplement that trusty stand-by, the phoney productivity deal.

A year ago it was estimated that 200 or so companies were seriously considering implementing a scheme of their own—many of them were already operating share option schemes before the 1978 Finance Act and had begun to study the possibility of a switch into the new rules. Now it seems as though about 100 have schemes running or approved by the Inland Revenue, and some more are still in the pipeline.

Many of the companies with a scheme are relatively small, but recently companies as big as Bass, Sainsburys and Northern Foods have drawn up plans. House of Fraser, which had been planning a scheme even before the Finance Act, was operating profit-sharing in 1978-79, although no new shares were actually issued until the current financial year.

As the plan stands at the moment, employees may receive shares worth up to £500 a year without liability for income tax, provided that they hold them for 10 years. If the shares are sold before five years are up, the employee pays income tax in the normal way: tax is payable on half of any disposal made between five and seven years, and on a quarter between seven and ten.

Typically, the formula would take a proportion of profits (up to a 5 per cent maximum—some take employee costs and value added into account) and distribute shares according to wage levels, length of service over and above a minimum qualifying period, or both.

The insurance companies and pension funds have issued instructions to companies demanding that they should not issue new shares equivalent to more than 1 per cent of outstanding equity in any one year. Thus, if a company's profits are so high that it requires more shares to distribute to employees, the trustees of the share scheme must buy in the market.

The prospect of this support buying from the share scheme trustees is one reason put forward to explain why existing shareholders should not be alarmed by the dilution that the schemes bring about. It is also argued that the market in a company's shares should not be disrupted unduly by the eventual sale of the employees' holdings, as the trustees should be able to parcel them up and place them with institutions.

In his letter to shareholders proposing that a scheme should be set up, Mr. Nicholas Horsley, the hard-headed chairman of Northern Foods, simply states his belief that "wider shareholder participation by employees is in the best interests of the company and shareholders." This is the sort of truth that company directors hold to be self-evident. But do the workers really want shares?

There is no doubt at all that they want cash. Keen watchers of the share price of ICI—which has been giving shares to employees for years—are used to seeing the seasonal dip as the employees cash in their tokens. There may come a time when someone joining a company expects to be offered a share scheme as he now insists on a pension, but there is no sign that it is just round the corner.

Not surprisingly, some companies are put off going through all the trouble of setting up and administering a plan—and getting it approved by the Inland Revenue, which is by no means a formality—because the 10-year qualifying period for tax exemption is so long that it is hard to get excited about the incentive aspects of the scheme.

Lobbying

Supporters of profit-sharing have been lobbying hard for a reduction in this period—perhaps to five years—and a higher individual allowance—perhaps £1,000 rather than £500. The abolition of wage controls also reduces the attraction of the schemes for companies.

The Stock Exchange itself appears thoroughly muddled at the moment in its attitude to tax incentives in general. On the one hand, tax advantages for certain forms of saving distort the savings and, ultimately, the capital markets. On the other hand, anything that increases the number of individual shareholders must be a good thing.

In principle, certainly, the employee share scheme is to be welcomed. Whether the better understanding that it is supposed to foster can flourish in the acid soil of British industrial relations is another matter. A step in the right direction, perhaps — but the journey is very long.

Martin Taylor

Life-style

CONTINUED FROM PREVIOUS PAGE

benefits in kind as an initial step in the review of this subject as a whole.

The Revenue considers that the scale charge might be increased to reflect the value of the benefit as measured by the AA estimates of the cost of running a car, but whether this should be based on the engine size or the capital cost of the car was left open to comment since either method can create anomalies. It also suggested that a car should be used for a minimum of 1,000 business miles before it is regarded as used substantially for business purposes in the place of the current 10 per cent breakpoint.

The Inland Revenue estimates that about 1m cars each year are supplied to "lower paid" employees who are not taxed on this benefit. They consider that there is a strong case for assessing the benefit from all cars provided, whatever the salary of the employee, but they are aware of the administrative burden this would create for themselves and employers. A suggested method of overcoming this would be for the employer to withhold a figure of tax under the PAYE system each pay day from any employee who has the use of a company car. This suggestion is generally viewed with alarm because of the administrative complications.

Many interested bodies have responded to the Inland Revenue's paper including the CCAB (the Consultative Committee of Accounting Bodies). While they generally accept that some review of the scale of benefits is necessary, they are concerned that the Revenue has placed such emphasis on the private use of company cars without acknowledging that in many cases the company car is primarily provided as a tool of the trade.

The CCAB was not in agreement with the basis adopted by the Revenue in calculating the proposed revised scale charges as it considered the average annual mileage figures used to be unreasonable. Nor does it consider that the 10 per cent test for substantial business use should be changed as this appears to work satisfactorily in practice. It has suggested that the 25,000 mile ceiling for substantial business users be dropped to 18,000 business miles.

While it was in agreement that there should be an increased tax charge where private petrol is provided by the employer, the CCAB concluded that the simplest and fairest method of doing this would be by the use of a separate higher scale.

In conclusion, it would appear that we will see some changes in the system of taxing company cars and as a starting point some increases in the existing scales are likely to appear in the Budget, although they are unlikely to be as high as the Revenue would like. The Government is also concerned with energy conservation, so that anyone contributing to the drain on our oil supplies should individually feel the cost of doing so and should not be insulated from these problems by having a company car.

Roger G. Brown

Partner, Dearden Farrow, chartered accountants

Sorting through a mixed bag

OTHER FACILITIES

THE MINERS have their coal, the railway workers have their cheap travel, company directors have their special dining room, their company cars and free medical insurance. Everyone has a perk thanks to a combination of historically high levels of personal taxation and, perhaps more important, a succession of Government-enforced pay controls.

Apart from the almost universal provision of company cars—most surveys show that 98 per cent of companies provide them at some level—and the omnipresent pension, there is a very wide range of non-monetary benefits available to employees.

The sophistication and spread of their use varies widely. At one end of the scale there is the leasing of suits, the company yacht and the business conference in an exotic resort with free travel and accommodation for the spouse, at the other end there is the widespread subsidisation of meals, which may amount to only a few pence a day.

Although fringe benefits are often awarded as part of the management reward structure—the higher the position the greater the number of benefits and the greater their use as a status symbol—there are also a number which are applied company wide. Obvious examples are the subsidised meal, discount on company products and sports and social facilities.

Last year the leasing of clothes to executives gained considerable publicity largely through the efforts of the tailors. Theoretically, a beneficiary of such a scheme could end up with many hundreds of pounds worth of suits and other clothes with only a very modest tax bill to pay. But according to a number of remuneration consultants, suit leasing has not proved to be particularly popular with companies.

The most widespread employee benefit — after pensions — is somewhat more mundane than a Savile Row suit; it is the subsidised meal. According to one survey last year, only 3 per cent of companies did not provide either canteen or dining facilities or Luncheon Vouchers. However, the latter are often still a dieting 15p, the maximum amount which is tax-free.

A survey by Hay-MSL, the management consultants, found that four out of five companies provided some form of sports or social facilities for employees. These are one of the oldest forms of employee benefit provided by companies.

Very large companies, especially the banks, insurance companies and oil companies, provide very lavish and impressive facilities for their staff. Other less prosperous companies may share or arrange to use another company's facilities or simply subsidise employees to use the local sports grounds and clubs.

One of the most envied and valuable fringe benefits, the subsidised mortgage, is for the most part confined to the financial sector. It is common for banks, building societies and insurance companies to offer staff mortgages of up to—on average—£25,000 at very low rates of interest. The disadvantage of the company mortgage is that the employee is then tied to the financial sector unless he or she is willing to take a drop in standard of housing.

But any key employee changing jobs which also entails moving house may well be able to get an interest free bridging loan from the new employer. Nearly one in three companies will provide bridging loans. The normal practice is for the loan to be interest free for a fixed period, usually between three and six months, and then to be charged at a level linked to the Minimum Lending Rate.

According to several recent studies, about one in two companies are now prepared to make loans to employees. The most common reason is to assist buying season tickets or a car. Some companies report occasional loans to employees to help them out of financial difficulties. Interest varies from a few points below commercial rates down to none.

Around three-quarters of companies will pay the costs of an employee's membership to his relevant professional organisation. And some, considerably fewer, will pay subscriptions to private clubs, although this is usually where a company has no accommodation in London and it is cheaper for an employee to stay at a club than a hotel. Similarly, clubs can also be cheaper for entertaining.

Telephone

Where an employee has to be available on the telephone at home, many companies will pay a contribution towards the rental and the expense of calls made for business purposes. Other companies pay a flat allowance to cover both rental and calls.

In addition to private medical insurance—the fastest growing perk—two-thirds of companies provide their own medical facilities according to a British Institute of Management study of employee benefits, although this can vary from a fully equipped medical centre to just a sick room with no trained staff available. Only a quarter of these companies had a centre with trained nurses and a doctor available for consultations, and were usually large ones.

Although it varies widely from company to company, discounts on company products can have substantial financial benefit. In the travel industry it is traditional for employees, after one year's service, to receive extremely cheap travel. Lower grade employees may often have to travel standby, but further up the scale the benefits are more comfortable.

The car industry offers substantial discounts on its products, as do most manufacturers of consumer goods and most of the retail trade except food stores.

One in three companies surveyed by the BIM also offered discounts on other companies products as well and this benefit is normally available to all members of staff. A number of companies subscribe to discount cards (the best known being Countdown) for their employees.

There is also a growing trend to offer employees vouchers for specific services which can be redeemed locally, such as at the hairdressers. Cleaning tokens have been successfully exploited by a company called simply Cleaning Tokens which is owned by three leading dry cleaners, Sketchley, Johnson Group Cleaners and Spring Grover Services.

It is a very simple service. The employer buys tokens from the company and gives them to employees. According to Cleaning Tokens, 90 per cent of dry cleaners are willing to accept them.

Company transport to work is not very widespread through industry, except where public facilities are particularly poor, such as some rural areas or where there is shift work and employees have to travel at awkward times.

Some companies with a high dependance upon female labour, such as those in textiles and electrical and electronic assembly, offer special benefits for women, but they are very rare. In Britain, very few companies provide a day nursery. A few are known to provide washing machines and small supermarkets.

Again very much in the minority are companies which provide banking facilities on the premises and one company at least has a part time travel agency at its northern factory.

There is a whole range of benefits which are being used by just a few companies which reflect the nature of the job or the typical employee. This can range from subsidised chiropody to a staff rest home. It can include free television rental, free newspapers or free tax advice.

In Britain, the prerequisite would appear to be prerequisite of employment.

Jason Crisp

PENSIONS VI

Company courses seek to smooth the way

ADVICE ON RETIREMENT

INDIVIDUALS ARE notoriously bad at preparing themselves for retirement. It is something which many people do not want to think about because it represents the day they are no longer "useful" members of society.

Such is the attitude instilled by the work ethic of Western society that implies work is the only justification for life. So strongly is this held by some people that it is a well documented phenomoem for people to die very shortly after retiring, having lost the will to live.

The sudden death syndrome, as it is known, usually occurs either in the first three to six months of retirement or between a year and 18 months after.

After schooling and then 50 years or so of work it is a major change for people to have nothing specific they have to do and to have to organise and arrange their own activities every day of the week. Given the dramatic nature of the change it is perhaps surprising that only now is the "pre-retirement movement" showing signs of taking off.

Although several organisations have long been concerned with the problems of retirement it is only over the past few years that it has begun to attraet a more widespread appeal. A growing number of companies are providing pre-retirement courses; local authorities, area health authorities and the trade unions are also taking a strong interest in the problem.

Upsurge

There would appear to be several reasons for this sudden increase in interest. The great upsurge in the pension movement has inevitably involved companies much more with the problems of retiring employees, even if in the first place it has only been dealing with the financial options open to them. Second, a growing constituency of pensioners dependent upon companies has tended to make them aware that perhaps their responsibilities go beyond the monthly payment. Pensioners have been coming to the company with their financial problems anyway.

Some companies have, or soon will have, as many pensioners as salaried staff.

A more hard-nosed reason for companies with a high concentration of employees in one area is that satisfied pensioners who have adapted successfully to retirement helps improve their local image, which can help recruitment. Conversely, someone who feels badly treated by the company and who has failed to adapt can cause considerable bitterness in a close community.

Mr. Bill Bruce, director of the Pre-Retirement Association, believes that there is a growing awareness of the problem because of the changing nature of employment. Retirement, early retirement and redundancy are beginning to blur and he believes that the equation of retirement—old age will go. It is an equation he believes to be dangerous anyway, pointing out the number of former prime ministers who held office after "retirement age." By the end of the decade, he claims, it will not be abnormal for people to have retired at 45, which is not to say they will never work again.

In the U.S., where pre-retirement counselling is more widespread, studies have found that where an employer shows a caring approach to employees, providing a good pension fund and advice, they feel a greater security and are therefore better motivated in the latter part of their careers, says Mr. Bruce.

In Britain it is mainly the large companies which are running pre-retirement courses and individual counselling for employees, although the Pre-Retirement Association — the focal point of much of the work being done in this area—says that there is a growing number of enlightened smaller and medium sized companies now getting involved.

Although retirement can be a difficult process for many people, two groups are particularly prone to problems. The first is the "workaholic" and particularly someone who is very successful and has perhaps reached the top of the organisation. According to Mr. Bruce he has neither the time nor the inclination to consider retirement, not least because he cannot imagine life without work because he only lives for his work.

The second group the Pre-Retirement Association says can have particular difficulties is shop floor workers. At 65, for the first time in their lives, says Mr. Bruce, they have become free agents.

Normal practice among companies is to provide pre-retirement counselling during the last year of employment. Most of the enthusiasts for the process believe it should begin five years before. One leading company now begins it 10 years before retirement.

The Pre-Retirement Association runs several types of course for individual companies.

There is a one-day seminar which is hosted by the individual company, preferably away from the work environment and in fairly informal surroundings to avoid a schoolroom atmosphere. The lecture covers six main topics; attitude, which is believed to be the most important, health, housing, money, employment and leisure.

Another type is group counselling which, although it covers the same subject areas, is a much more participative and informal course and lasts for a day and a half and is residential. The PRA also trains company industrial and personnel officers in pre-retirement counselling.

Signposts

Many companies organise their own course. Ford, one of the leading companies in this area, runs its own in conjunction with local authorities. It lasts between three and five days. Employees also receive individual counselling at periods of one year, six months and three months before retirement. The emphasis is laid on self-help. As Mr. Del Pasteefield, welfare supervisor, explains: "It is no use having experts telling people how they should run their lives. What we can do is provide signposts; we are certainly not in the business of telling people how to retire."

Companies are divided on how they organise their courses. Some invite all those employees due to retire in a particular year irrespective of rank. Others segregate it into different groups representing different levels of employment, usually top, middle and bottom.

Critics of the former point out that the retirement problems of a senior executive on between £15,000 and £20,000 a year are very different from those of a shopfloor worker, that their interests will be diverse and that even if only forenames are used rank is still pretty obvious—and therefore may be inhibiting.

A growing number of companies are providing post-retirement visiting for their pensioners. These are usually other retired company employees who work on a voluntary basis with the company paying their expenses.

It is also common for companies to continue to provide their pensioners with the fringe benefits which were available to them when they were employees, such as use of sports facilities and discount on company products.

With an ageing population, post-retirement schemes are likely to continue to grow.

Jason Crisp

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Spelling out the details

CONSULTANT SERVICES

IN DEALING with employee benefits there are two major, and somewhat separate, considerations — the actual existence of these benefits and the role they play in the overall remuneration package of employees, particularly executives. The latter function is very much that of managerial planning. But in both the setting up of a benefit scheme and putting together the package for the employee, the business is complex. It is a field in which the services of one or more consultants is necessary, even paramount.

The logical approach to the problem of employee remuneration would appear to be to decide on the appropriate remuneration level, apportion this between basic salary, incentive and merit payments and then add the employee benefits. To do this properly, companies need not only to understand their own target requirements, but to have a broad appreciation of the remuneration structure in comparable firms and industries.

Then the company can arrange to set up the various employee benefit schemes in the most cost-efficient fashion to the company and the most tax-efficient manner for the employee.

The major management consultant firms, such as Inbucon, have adopted such an approach on these lines for their clients, not only for their UK business but internationally. Inbucon regularly surveys the UK on the subject of executive salaries and fringe benefits.

But in many UK companies, the development has taken place on a much more haphazard basis, starting with the company pension scheme. This has been set up, not because it forms part of the overall company remuneration strategy, but because it was either that or the new State scheme.

It is a complicated business setting up a pension scheme, and the services of a specialist pension consultant or consulting actuary are necessary. Pension schemes are now well established, but the services of the consultant are still in great demand. The general administration of the scheme, communication with members and monitoring the investment performance, are main fields where the pension consultants assists his company clients.

But these pension-orientated employee benefit companies are now expanding in various degrees into the whole field of employee benefits, offering a management consultancy service. They have had to buy in the expertise necessary.

Scepticism

There has been some scepticism in these moves from the established management consultancy firms, who feel that expertise in pensions and sickness schemes does not automatically ensure expertise in consideration of overall remuneration. They feel that the pension consultants and the management consultants operate better in conjunction with each other, each keeping to their own fields.

But many of the pension-orientated companies consider that their future growth is in expansion to cover the whole employee benefit field under one major umbrella, employing various experts who would deal with all aspects of a client company's requirements.

There is one thing on which all are agreed: the employee will not appreciate what is being done for him unless the remuneration effect is spelt out. The consultants will provide benefit statements showing in monetary terms the value of the remuneration package.

E.S.

THE ARTS

Cinema

Leave it to Hollywood

by NIGEL ANDREWS and GEOFF BROWN

The Onion Field (X) ABC Shaftesbury Ave.
The Song of the Shirt ICA
The Custard Boys ICA
To The Count of Basie NFT

Three years ago the Western world was re-echoing to Joseph Wambaugh's cries of indignation after his seriously-intended police novel *The Choirboys* had been turned into a switchback black comedy by film-maker Robert Aldrich. The sound of Wambaugh on the warpath sent tremors through Hollywood, and the author vehemently decided that next time he would go independent and do his own thing. Which he duly did, writing his own screen play from his novel *The Onion Field*, vetting the choice of director — one Harold Becker — and doing everything, or so one hears, to cosset and oversee the production.

Ah well. Here's the film, and it only goes to show that though it's easy to thumb your nose at Old Professionals like Aldrich, it's harder to do better yourself. *The Onion Field* is a multi-layered misfire of a movie that never sets a shape or an order to the points it wants to raise, or parameters to the shady areas of police and legal procedure it wants to pour light upon. Two L.A. patrolmen are taken hostage one night by a pair of delinquent criminals to whom they surrender their guns. After being driven to a lonely dirt-road skirting an onion field, one is shot through the head, the other (John Savage) manages to escape.

The police round up the culprits the next day and there, you would suppose, is an end on't; bar the necessary legal procedures. But you're wrong, it's only the beginning. One of the criminals (James Woods) is a dab hand at reading law and finding legal loopholes, and he and his partner stretch out the case through long, elastic months and years, while poor policeman Savage, gnawed at by guilt at having given up his gun and thereby perhaps precipitating his friend's death, goes from bad to worse, and after a neurotic flurry of kleptomania is finally kicked out of the police force.

The end? No, there's a bit more yet. We still have to watch Savage disintegrating during his domestic idleness; then to hear that the criminals have at last been sentenced; and then to have an epilogue "several years later" in which an older, wiser Savage, picnicking with his wife, hears that the two men will be released on parole in four years time.

This interminable shaggy-cop story, which starts out tilting bravely at ideas of justice, the tactics of kidnapping and the *imbroglios* of the Law, gets so lost in the ramifications of its curiosity that it loses any sense of pace or direction or quite why it started out in the first place.

The Choirboys was no cheer-raising masterpiece, but at least it knew what it wanted to do—which was to have sardonic fun with police corruption—and duly set a tone and a style. *The Onion Field* flounders from righteous issue to righteous issue, blurring most of them with tedium and managing to reduce even John Savage, so electrifying as the young soldier in *The Deer Hunter*, to a lustreless automaton sleepwalking through an endless hard-luck story. Come back, Robert Aldrich, all is—well, perhaps not forgiven, but at least given a hindsight glow by the worse from Wambaugh that has followed.


John Savage as a L.A. patrolman in The Onion Field

Apart from *The Onion Field*, commercial cinema twiddles its thumbs this week. Yesterday the ICA began a season called "Song of the Shirt: Class, History and Sexuality, or Fear and Clothing in the Nineteenth Century," which is hardly a title to suit an Odeon marquee. The chief attraction is a mammoth and bizarre piece of British independent cinema, *The Song of the Shirt*, directed by Jonathan Curling and Susan Clayton for the Film and History Project with funds from the Greater London Arts Association.

In ways both fascinating and irritating this focuses on the 1840s, when many women came to London to rake pennies together and ruin their eyes stitching dresses for the town's well-to-do: without work they drifted into prostitution or starvation. The film shows the era and the women's plight through contemporary documents: there are extracts from a serialised novel, quotes from Parliament and Government commissions, the tirades of Chartists, popular songs and cartoons.

Conventional film-makers might have used such material merely for vividness and period flavour. Not so these champions of independent cinema, who have followed sacred theoretical principles and devised a complex scheme to prevent us accepting any image at face value. Characters in nineteenth century clothes walk through twentieth century environments or stand in front of contemporary drawings. And much material is relayed on various video machines, the camera drifting from image to image: often this is quite effective, as in the early kaleidoscope of Victorian Britain, with long-skirted women pottering about canals.

But at other times the results just look silly. The film's complicated music track provides another means of disrupting and querying what we see—a weird and wonderful pot-pourri of Victorian tunes and moody sounds, astringently scored.

But the film-makers' tenacious attempt to undermine every image they put before us is ultimately doomed. There is plenty of visual material—notably George Cruikshank's caricatures—that simply refuse to be tampered with: no stylistic jiggery-pokery can compete with the force of the drawing showing a stream of workers pushed up stairs into the top of a mincer. So what, finally, does this contribution to the Film and History Project offer? Not a great amount of history, certainly. The substance of its contemporary documentation is whittled away by the fractured presentation: the film also denies itself any immediate relevance by drawing no parallel with the current problems of cheap immigrant labour in the garment industry. Purely as cinema it offers much that is striking, but it also shows the mess people can get into when they think about film theory far more than film practice.

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During weekend afternoons in March the ICA offer "Forest Hill Movie Brats"—a hideously titled but welcome season of films made over the past eight years by the Film Unit at Forest Hill Comprehensive School in South London. There are no fashionable theories behind *The Custard Boys* (showing this weekend and on March 29 and 30); this is just a straightforward treatment of John Rae's novel about the war games of evacuated children in the 1940s, filmed professionally in 1961 as *Reach for Glory*. The present version has the kind of rough edges understandable in an amateur production made over many weekends, but the achievement is still considerable: the story and its period atmosphere are always handled delicately, at times movingly. The other main item in the season is *Something Wicked This Way Comes* (March 15 and 16), an adaptation of Ray Bradbury's short story. The Forest Hill "brats" are obviously not easily frightened.

The National Film Theatre currently features films distributed by TCB Releasing. The name may sound like some super new antiseptic, but jazz fanatics have long known it as the chief outlet in Europe for films celebrating the giants of jazz and blues. And TCB are now producing as well: their film *To the Count of Basie* (showing on March 1 and 6) is a joyous fifty-minute run through Count Basie's life and music, mixing interviews with a ripe, rare assortment of clips from television shows and *Hollywood curiosities*. There is a sizeable, enthusiastic minority for jazz on the silver screen: this film, and this season, shouldn't disappoint them.

G. B.

Riverside Studios

The Albion Band

by ANTONY THORNCROFT

After electric folk from the Albion Band comes eclectic folk. The distinguished group, built around Ashley Hutchings and including at odd times most of the luminaries from the great folk rock phenomenon, is filling Riverside Studios until Sunday with some diverse evenings of folk music, plus. Tonight there is folk drama, *Larkrise* and all that, on Saturday dancing, and on Sunday an Albion Band augmented with brass. Last night it was memory lane with folk rock favourites and on Wednesday the enterprise kicked off with "Back to Basics," in which solo performers unearthed not only some of the roots of folk music but also showed the contemporary contribution from pop and the blues.

It was a diverting evening. Ashley Hutchings introduced each artist with readings, and how perceptive they were, from Ralph Vaughan Williams, one of the late Victorian folk-lorists who, just in time, recorded the dying tradition. Then it was on to Martin Simpson, with Hank Williams songs such as "You win again" and the American country strand; Phil Pickett, who dipped back 600 years or so with some early woodwind pieces, mainly from France because, apparently, no English medieval music survives for a soloist; Martin Carthy, with the ballad tradition, those eerie gruesome rhythmically complex dromes like "Young Andrew"; and Mary Miller reading a Max Beerbohm description of morris dancers and introducing Dots Daultrey, who moved lightfootedly from morris to clog dances.

And all this before the interval. There were more heavies in the second half. Richard Thompson showed just how good a song writer he is, perhaps the best we have, in a new song "Modern woman" which was guaranteed to irritate the femininists in the audience. It is one of the wonders of folk that Thompson's work, based so acutely on the vagaries of contemporary life, should fit without strain into the tradition, although since both spring from personal expression rather than commercial song manufacture, which dominated in the century and a bit up to 1960, it is perhaps not so surprising.

Shirley Collins upheld the room-above-the-pub folk club tradition and seems equally changeless. Her plaintive, so rural voice, intensified by the melancholy strains of the concertina, would have reassured Vaughan Williams, who might justifiably have been mystified at some of the other consequences of his missionary work of a century ago, not least by Barbara Thompson who closed a long, rather unstructured but very satisfying evening, with a musical setting for saxophone and flute of Oscar Wilde's short story "The Selfish Giant": hardly folk but perhaps, admissably, folksy.

Once again the reader was Mary Miller and with Colin Dudman on keyboards. Barbara Thompson has created some wistful, dreamlike themes which made no great demands on an audience rather punch drunk after a glut of information and imaginative playing. If you wanted to add a nasty competitive element into the comradely folk would you pick out Richard Thompson as the star, but really it was not that sort of gathering.

Paris Opéra

Le Fantôme de l'Opéra

Roland Petit's new *La Fantôme de l'Opéra*, which received its world premiere last Friday, is a ballet quite as much dominated by the Opéra itself as by the leading roles it offers Peter Schaufuss, Dominique Khalfouni and Patrick Dupond. Petit has turned to Gaston Leroux' celebrated fantasy of 1907—a novel of macabre intensity and rampageous energy—and extracted from it the idea of the mysterious being who brings stardom to a young woman. Leroux chose a singer; for self-evident reasons Petit makes her a dancer, and sees the Phantom as a demonic Spirit of the Dance. Most of the exuberant foliage of the novel has inevitably been pruned, but not, and in this Petit is most successful, the brooding and magnificent presence of the Opéra itself.

Indeed, because we, as audience, find ourselves in the theatrical setting we are also being shown on stage; because Giulio Coltellacci as designer, and Petit as ballet master, place the work's twelve scenes inside the building in which we sit, on its stage, in the flies, on the roof, in its subterranean recesses, the ballet seems hallucinatory. Entering the Opéra we come in at the façade which looks down the Avenue de l'Opéra; but a superbly painted front cloth shows us this same view. A major set-piece in the ballet takes place on the grand staircase of the foyer through which we have just passed and will pass through again at the one interval. The first crisis of the action shows us a mirror-image of the auditorium where we sit, with the great chandelier crashing down on an imagined audience; a Foyer de la Danse set is placed in front of the real Foyer, with a trick duplication of its huge looking-class through which the heorine disappears; we are taken on to the roof, down into the machine rooms in the bowels of the building, down deeper still to the "lake"—a reservoir that controls the waters in the very fabric of the foundations. The total effect is vastly theatrical. At the end of the ballet Schaufuss as the Phantom salutes us—his fantasy audience—before disappearing, as he first appeared, through a trapdoor in the stage. Even at one moment we become part of the action by serving as the audience who hail the Young Girl (Khalfouni) when she makes her triumphant début at a ballet in the ballet.

It is this ingeniously dramatic conception of the ballet in relation to its setting—boxes within boxes: false perspectives of reality that might have been dreamed by M. G. Escher—which give Petit's work its especial interest.

Dramatically the narrative also makes considerable references back to earlier Petit ballets. There is his affection for literary themes, from *Notre Dame de Paris*, by way of *Cyrano* and *Nana* to his exquisite Proustian evocation, *Les Intermittences du Coeur*; there is his fascination with the emotions of a tormented and physically blemished hero in love with purity, which we know from the wolf-man of *Le Loup*, Quasimodo, and Cyrano; there is also the highly resonant conflict between the Light Angel and the Dark, between Morel and St. Loup in *Les Intermittences*, and here between the grey figure of the Phantom and the radiant youth of Dupond as the lover who eventually rescues the Young Girl.

There are even odder resonances, having to do with the relationship between teacher and pupil, between creator and creation—so skilfully explored in Petit's wonderful *Coppélia*, between Beauty and the Beast, and with suggestions of the Orpheus legend when Dupond descends into the very depths of the Opéra to lead the Young Girl away from the darkness and domination of the Phantom.

These allusions seem to me justified, since Petit has set out to dignify Leroux' splendidly nonsensical story, and because his treatment is not always literal. At times the Phantom is more spirit than actual presence, controlling the Young Girl in love with her as a symbol of his own art and its possibilities rather than as a living being. And in this difficult, and perhaps somewhat monotonous role, Peter Schaufuss is tremendous. The character is part demon, part danseur. As the former, Schaufuss achieves a darkly menacing authority, stalking the stage, leading a fevered rout at an Opéra Ball which suggests Poe's Masque of the Red Death, conveying both malign determination and a weight of spiritual suffering.

As danseur, he launches into prodigies of technical display—cascades of pirouettes and beats, a compendium of every step of grand virtuosity that the male dancer can command — which he brings off with exemplary clarity. It is, as ever with the French ballet, rather short-breathed: we see a bravura exhibition done with heart-stopping skill, but rarely understood as part of an extended choreographic idea. The step itself is the message. But there is a punch, and a nervous impetuosity to Schaufuss' dancing which fills out the character, and makes us believe.

Dominique Khalfouni I thought most lovely as the Girl. She is one of the very finest dancers in Europe, with exquisite line, sensitive feet, and that brilliant assurance of means that the French school gives its best products. She is here called upon to be victimised innocence, which she does well, and in the ballet scenes which Petit has interpolated to evoke the bad old days of the Opéra ballet at the turn of the century — the world of the abonnés we see in the paintings of Laurent-Desrousseaux and Jean Béraud — she looks enchanting. Patrick Dupond as her rescuer and beloved has the advantage of extreme youth (he is 20 years old) and an exceptional gift for dancing. His style is rather undisciplined, and his acting, especially in a gorgeous scene in which he is attacked by rats in the nether world of the Opera, too dainty for my taste: but set him soaring and spinning over the stage and the very exuberance of his technique conveys the Young Man's eager character.

The designs by Coltellacci are, as I have suggested, entirely successful in reflecting the presence of the Opéra, and imbuing it with the extravagance and mystery which are part of the wild charm of Garnier's palace; Franca Squarciapino's costumes are uniformly good. There is a brand new score from Marcel Landowski (this early *Jean de la Peur* symphony was the fine base for Tetley's *Anatomy Lesson*) which distils all the brooding unease of the narrative, well conducted by Patrick Flynn.

I saw *Le Fantôme* twice at the beginning of this week, and I found its emotional energy convincing on both occasions. I am not sure if Petit has solved all the problems posed by his characters: they become, at moments, remote and dwarfed by the Opéra itself, which unashamedly dominates the action. The big danced scenes for the corps de ballet, as revellers, rats, a ballet of butterflies, are efficient rather than inspiring. What gives the work its power is its true hero—the Opéra building, which was also the hero of Leroux' novel; as a theatrical extravaganza, *Le Fantôme* is both poetic and entertaining.

CLEMENT CRISP


Peter Schaufuss

Festival Hall

BBC Symphony

by PAUL DRIVER

Wednesday night's Royal Philharmonic Society promotion in which Sir Clifford Curzon was presented with its vastly coveted Gold Medal by Sir Michael Tippett would have been quite a memorable occasion under any circumstances. James Loughran rose to considerable heights in the interpretation of his discreetly novel programme. If Thea Musgrave's Concerto for Orchestra, Elgar's *Falstaff* and the Fourth Piano Concerto of Beethoven had seemed an odd triumvirate.

The Musgrave work (1967) is another—by implication the consummation—of her "dramatic-abstract" conceptions, where quasi-theatrical scenarios are given to the purely instrumental forms she has for so long cultivated. As in the clarinet and horn concerti, solo players are asked to stand up and (to varying degrees) assume histrionic roles. In the Concerto for Orchestra it is the clarinettist who first intrudes himself, gradually joined by flute, vibraphone and—Mahler-fashion—the entire brass (with relish!). Moreover, the texture throughout has been preponderantly ad libitum, only giving place at the last moment to an exact ensemble in the breathtaking presto peroration.

Nevertheless, the piece does not in fact come over as the concerto structure it is so eminently suited to be. Rather, it impresses as an extended concert-overture (Loughran had placed it as such), elaborating perhaps on the precedent of Beethoven's *Leonora* overtures with their offstage obligato trumpeters, whilst in technique and actual sound recalling the festive bravura of Walton.

Perhaps the BBC orchestra could not be fully coaxed into the imaginative rubato Musgrave seeks. But in *Falstaff* there was a distinct soaring of involvement and intensity from the players, making the story Elgar is telling truly absorbing. (How pleasureable musical narrative really can be. Maybe fashion is due for a change?) Outstanding was the bassoon's tipsy solo; and the subtle pacing of those ironic last bars.

What can one say of Curzon's G major concerto—with its wryly intelligent phrasings-off, its delicate, supple, effortlessly blended versatility of timbres, its slow-movement serenely pedalled overlaps—except that it was characteristic and golden? If one began to romanticise about the insight of old imaginations, this was soon belied by Sir Clifford's agile youthfulness of voice as he eloquently accepted this great tribute he deserves.

Warehouse

The Loud Boy's Life

by B. A. YOUNG

Howard Barker can, and often does, write incisive dialogue with a kind of rude poetry in it. His ideas, though they're not usually the kind of ideas that please me, are generally presented in an interesting and original way. So I'm sorry to say that *The Loud Boy's Life* is about the most tedious play he has ever given us.

Its theme is the young Left-winger's favourite, the rise of the Right-wing political dictator in English politics. Ezra Fricker (played by Clive Merrison) is seen first at a dinner of a club (libellously called the Savages) which is given over to pseudo-Nazism and to male chauvinist piggery. There is a flashback in which Ezra is a young Gunner officer called on to capture a German pilot parachuted from a Junkers 88. Then there is another flashback in which he is a Brigadier with a CBE and a DSO. The point of these flashbacks is to introduce a love motive that is barely followed up.

Ezra is soon in the Cabinet—at least, he is a Right Honourable, though it's vaguely suggested that he's still on the back benches when a Party caucus meets to choose another Prime Minister. He is expecting to be called to the high office as he opens a fête in a mental hospital, but he isn't. Next thing we know, there is a funeral service for him in the crypt of St. Paul's.

This thin narrative is drawn out to three hours' playing by the inclusion of endless marginal material either dubiously relevant or not relevant at all. And here I must change my target.

As I see it, it is a director's job to go through a script with an author, persuade him to make cuts where it is clear the audience's attention will flag, introduce more effective starts and finishes to scenes, and so on. This slapdash writing, filled with extraneous speeches that seem to have been written down simply because an idea came into Mr. Barker's head, must be charged as much to Howard Davies's account as to the author's. Those interspersed scenes that call for scenery to be lugged about while we are regaled with recordings of Handel, are just incompetent writing, and if the author didn't recognise it, the director should have told him.

This monster calls for a company of 15 in about 40 parts, many of which are only seen momentarily and so do not register as individuals, only as familiar faces with lines of a new kind. I could see no point in it at all.

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Crisis ahead for the BBC

HOW LONG can the BBC survive in its present form and under its present financial arrangements? This is the question posed by the £130m cuts in the BBC's budget announced yesterday. Like many of the great institutions established in Britain in the earlier part of this century, the BBC has lost much of its glory during the past decade of inflation, economic stagnation and social unrest. The present round of cuts is likely to accelerate a trend of decline that has been visible for years. And it is only too likely that the scale of yesterday's measures will not be adequate to cope with the Corporation's ever-growing financial worries.

Over-manning

By limiting last year's licence fee increase to £34, instead of granting the £40 which the Corporation had requested, and by ruling out any review until late in 1981, the Government consciously condemned the BBC to the austerity which it now faces. The Government's motivation was of course largely political—licence fee increases are unpopular and inflationary. But there was also the unstated assumption that, under the right circumstances, austerity can be invigorating. There is no doubt that parts of the BBC are still bogged down by restrictive practices and over-manning, carried over from the days of greater financial laxity. On the other hand, the BBC is widely believed, both by outsiders and by its own employees, to be "over-managed" by an excessively large, and occasionally stifling bureaucracy.

Salaries

Unfortunately, it is unlikely that savings of the order required could be achieved merely by trimming the fat, without affecting services. Indeed any narrowing of the large pay differential between BBC and independent television staff would probably more than offset the sort of economies that could be made by attacking bureaucracy and over-manning. It has to be accepted, therefore, that the present financing arrangements make cuts in expenditure on programmes inevitable.

Furthermore, there is nothing in the present arrangements, or in the modifications proposed last year by the Home Secretary, to guarantee that in future years the licence fee will be increased in line with inflation. Meanwhile, there is every reason to expect that unit costs, which consist largely of salaries for highly-skilled personnel, who are in demand in other, more profitable, media, will rise more rapidly than inflation.

There was a time, in the BBC's heyday, when such a gloomy outlook would not have raised fundamental questions about the BBC's future. Its standards were so high that a decline might have been acceptable, at a time of economic stringency, when many other services were also deteriorating. At the present time, however, there is a clear danger that any further decline in standards will undermine the BBC's very *raison d'etre*. It is already arguable that the BBC has lost many of its unique qualities. In some of the areas where it was once pre-eminent—current affairs, documentaries and serious drama—it has lately been equalled, and perhaps overtaken, by commercial broadcasting.

Public funding

If commercial television can produce serious programmes which are well up to the BBC's standards and if the BBC's response to its financial crisis is to trivialise its output, it becomes questionable whether the BBC should continue in its present form, based on public funding. It is hard to see why a compulsory licence fee should be required to produce the light entertainment on Radio 1 and 2, when these are being provided very satisfactorily by commercial radio.

The BBC's dilemma is, of course, that it needs large audiences to justify the universal licence fee system. So the quest for larger audiences is forcing it increasingly into areas which are served as well, or better, by commercial broadcasting.

Nevertheless, financing the BBC by advertising may not be a satisfactory solution to this dilemma, both for political reasons, and because it is extremely unlikely that the additional air time made available would generate anything like the £500m of extra revenues that the BBC would require. But the BBC's increasing financial weakness points to the urgent need for reform of some kind.

M. Rocard bids for power

THERE ARE still 15 months before President Valery Giscard d'Estaing has to submit himself for re-election to the leadership of France. But jockeying for position among his opponents has already long been under way. On the Right, M. Jacques Chirac, the Gaullist leader, has come as close as he can to abandoning the governing Centre-Right majority in his efforts to distance himself from the President and his policies. On the Left, M. Georges Marchais, the Communist leader has also moved further away from the political Centre with his apparent return to the traditional Moscow-dominated Marxist fold—most spectacularly by publicly expressing "understanding" for the Soviet invasion of Afghanistan Now, M. Michel Rocard, one of the Socialist aspirants to the Presidency, has also begun to show his hand a little more clearly.

Nomination

M. Rocard's announcement this week that he is prepared to run on the Socialist ticket next year is hardly a surprise. He has long been regarded as a potential candidate. By declaring his aims, he has not necessarily brought their achievement very much closer. He still has an uphill struggle to wrest the Socialist nomination from the Party's leader, M. Francois Mitterrand, and, even if he succeeded in that, he would almost certainly not start the favourite in a race against President Giscard d'Estaing as things now stand.

Inside the Socialist Party, M. Rocard has only minority support. At the last Party Congress in April last year, M. Mitterrand retained control of the Party machine, if only narrowly, by forging an alliance with its Left wing. Nevertheless, M. Rocard, who represents the Party's Social Democratic faction, has a number of things going for him. M. Mitterrand, who is 63, has been twice defeated in previous Presidential elections and does not always give the impression that he believes in himself as a winner. Opinion polls consistently show the 49-year-old M. Rocard to be more popular than M. Mitterrand with the nation as a whole, and he has an undoubted appeal to the liberal middle classes who are put off by M. Mitterrand's more Left-wing approach. The polls also show that M. Rocard could run M. Giscard d'Estaing close, closer than M. Mitterrand.

Alliance

None of this means that M. Rocard will automatically emerge as the Socialists' choice. M. Mitterrand's greater support in the Party reflects approval of his policies as much as his personality, and the same applies in reverse to M. Rocard. The majority of the Party is still behind M. Mitterrand's view that that the way to power is through an alliance with the Communists in the Union of the Left and his belief, for example, in wide-ranging nationalisation. Nor is it clear how M. Rocard will achieve the consensus in his favour which he is hoping to gain without a damaging split inside the Party.

But M. Mitterrand's continued advocacy of the union of the Left is looking even less realistic after M. Marchais's swing back towards Moscow. At least psychologically, this must strengthen the hand of M. Rocard, who has said he would like to form a broad Socialist grouping from which the Communists would be excluded. To win the Presidency, however, he would almost certainly have to rely on many, if not all, of first-round Communist voters switching to his cause in the second round.

Inflation

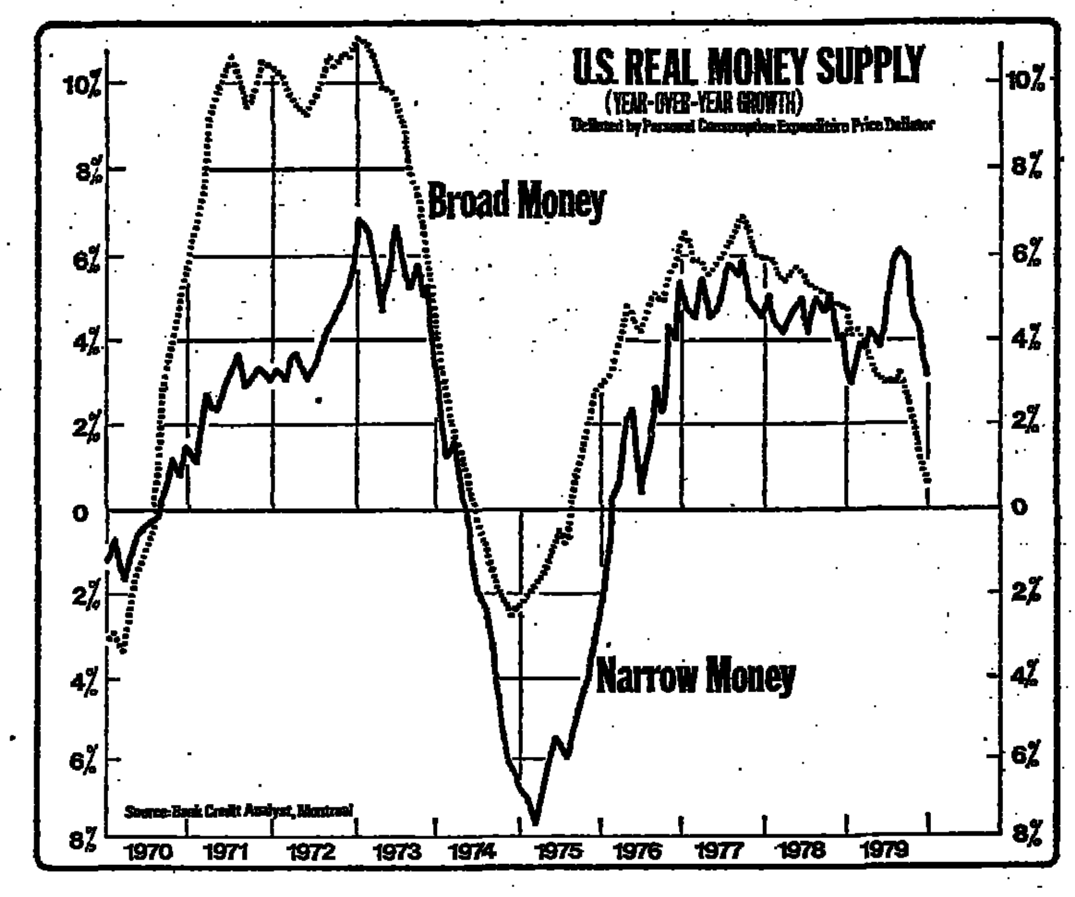
At this point, such an outcome can be no more than hypothetical. With the Union of the Left dead and seemingly buried, and M. Chirac looking at best unconvincing on the Right, the odds must be heavily on M. Giscard d'Estaing winning a second term. The economy, and especially the inflation rate, is not looking good. But the Government has spared no effort to brace the public for bad news on this front. Equally, the French have consistently stopped short of voting in a Socialist President in more than two decades of the Fifth Republic. The question the Socialists have to resolve is whether the electorate is more likely to overcome this inhibition if the candidate of the Left is a little less to the Left.

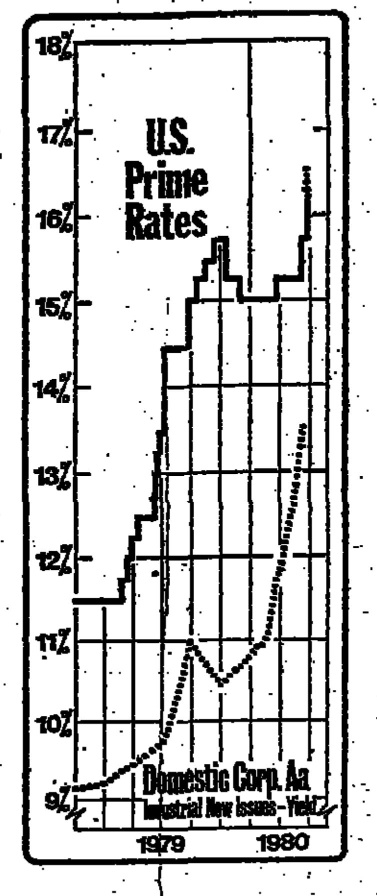
U.S. economy: need to restore some 'crunchiness'

BY ANTHONY HARRIS

NO-ONE who has lived through the British crisis of the last six years could have landed in New York three weeks ago without a feeling of foreknowledge. Here was an economy facing the consequences of six years of heedless over-expansion of credit: rising interest rates, a bond market collapse, and rising inflation abetted by partial wage indexation. The proposed solutions, a mixture of fiscal tightening (and market scepticism) and monetary gradualism, look familiar Even the cautionary text of the moment, a grave lecture from Mr. Henry Kaufman of Salomon Brothers, might have been drafted by Mr. Gordon Pepper of Greenwells, the stockbrokers, in his Old Testament mood.

The differences between Britain and the U.S. are just as startling as the similarities. The contrasts in the real economy are on the whole reassuring: a much stronger productive base, well placed technically for the 1980s, a much less dominant trade union movement, and a public opinion which strongly favours fiscal conservatism. Financially, however, the contrasts are not so reassuring.





First, a little background. It may seem unfair to compare the U.S. monetary record with the extraordinary explosion which took place in Britain when Mr. Heath was Prime Minister, for the numbers look much more moderate. It is true that on a broad definition of the money supply, U.S. monetary growth peaked at 16 per cent in 1971-73, and has remained above 10 per cent since, but the British numbers dwarf these.

However, for two reasons this contrast is misleading. First, U.S. money figures on any definition (including any of the new definitions introduced by the Fed this month) have far less relation to credit growth than similar figures for the UK because of the enormous foreign support available for the dollar. During the years of apparently "moderate" monetary excess, a sum of the order of $200bn, created by U.S. credit expansion, has been acquired by foreign central banks as reserves.

The monetary counterpart of this excess credit creation is thus to be seen partly in D-marks, Swiss francs, and indeed in sterling—in countries where monetary growth has characteristically *exceeded* domestic credit expansion. A DCE rule, like the one imposed on us by the IMF in 1967 and again in 1976, would have given a far clearer warning of coming trouble in the U.S. Even now few Americans (apart from Mr. Kaufman) are aware of this problem.

In addition, of course, inflation in the U.S. has so far been far slower than in the UK. Excessive growth of domestic credit has undermined the currency internationally, as it did with the British, but the domestic effect in a far less open economy has not been dramatic—so far, at least. The result is that the "real" growth of credit and liquidity has been large, even given smaller numbers as the chart shows. This means that, as with Britain, it is likely to take a long period of apparent tightness in monetary policy to produce any real tightness in the market.

The result can be seen sitting in any hotel bedroom. The television programmes are endlessly interrupted by advertisements offering credit—even second mortgage credit, despite some grim recent lending experience. The only attempts to attract deposit money is from the money market mutual funds, which offer money market rates and cheque-book drawing facilities. Money may be dear by past standards, but America is still awash with it.

Familiar pattern

So far, so familiar; and one might expect, then, that U.S. events will follow a pattern familiar in Britain, when gradualism is imposed on over-liquid markets. What followed in Britain was an era of vertiginous events in the financial markets, as investors tried to outguess the monetary authorities, and as the exchanges rose and fell, with very little reflection in the real economy. In short, one might expect the U.S. to suffer a few years of stagflation, a condition best described by the medical comment on piles—"the pain is not unbearable, but is dreadfully *boring*."

This may well be the likeliest prognosis for the U.S., but there are some rather trying questions to be faced first, which concern the condition of American financial intermediaries. Mr. Kaufman, in his dirge of February 21, lamented "the way in which the financial markets are being restructured to accommodate inflation—this has fed inflation itself."

It is true that there has been a recent growth of floating-rate bank and mortgage lending of the kind which is taken as the norm in Britain, and an easing of the restrictive regulations which simply cut off many savings institutions from funds when interest rates rose past a sharp cut-off point. As Mr. Kaufman put it, "interest rates no longer prompt financial intermediaries to restrict credit availability." Or as a Federal Reserve governor put it rather more pithily to me, "There isn't nearly as much crunchiness as there was last time around."

However, what most vividly impressed a British visitor is how *little* U.S. financial intermedaries are adapted to inflation. While they may now be beginning to behave in a more sophisticated way, their balance sheets are burdened with past misjudgment and some current regulations. Banks away from the sophisticated money-centres may have as much as half their assets in fixed-interest loans now being carried at a heavy loss against the cost of funds.

The result is that the first shock of sharply rising interest rates is borne not, as in this country, by consumers and corporate borrowers, except on new borrowing, but by financial intermediaries. Bank profits are clearly under pressure, and it is easy to meet bank economists worried about possible failures if the rise in rates persists. Savings and loan institutions and mutual savings banks are recognised as likely casualties of the present squeeze, and first aid will be provided; but it is hard to see how any widespread assistance can be given to commercial banks without undermining the declared monetary policy of the Fed.

Meanwhile, of course, banks under pressure see only one possible escape route: expansion. Every penny of profitable new lending will help to finance the loss-makers in the portfolio. If the pressure is severe, there is a compelling case for leaving the Federal Reserve system, with its non-interest-bearing reserves, and investing reserves to relieve the profit-and-loss account.

A British visitor will also quickly discover that the U.S. market is not only ill-adapted to the strains now facing it, but remarkably over-regulated. Usury laws which persist in a minority of States have helped to create a market in what can only be called citizens' arbitrage: positions in the money market can be and are being financed through credit cards; insurance companies can often be compelled to offer loans at as little as five per cent against a proportion of paid-up policy value, and this is another growing source of funds for the money-market mutuals.

Against this background the collapse of the bond market is scarcely surprising, but decidedly ominous. The fact that it has left many financial institutions carrying large book losses is already essentially a fact of history; but the problems posed for the Fed, for commercial companies, and especially for the public utilities, are still to be faced.

First, the adjustment can hardly be complete. The history of the last year is sadly summed up in the accompanying chart of interest rates. Throughout the last year, long-term securities have yielded substantially less than can be obtained in the money markets—the classic picture of a market awaiting a peak in rates. Throughout this period, ratess have risen at an unprecedented pace.

The vertical collapse of the bond market recognised that high rates have arrived for an indefinite stay; yet the yield curve is still inverted. Mr. Kaufman argues persuasively that only a positive yield curve will persuade investors to go long again, as the British monetary authorities found until very recently; but that in turn implies a lever of long rates which no commercial borrower is likely to want to risk. This suggests that the U.S. commercial bond market will go the way of the British debenture market, into indefinite retirement.

Ordinary commercial concerns have, of course, a number of escape routes: the equity market, self-financing and bank loans. The likelihood is that until the dust settles, they will go for bank finance, thus using intermediated credit to take the place of long-term funding. This in turn will produce an acceleration of recorded monetary growth, facing the Fed with a dilemma.

If the expansion of commercial borrowing is to be offset by tight control of the monetary base—the declared policy of the Volcker package of October 6—then interest rates will be driven up again. If it is accommodated—and Fed governors are already stressing that they expect to achieve their targets only in the long term—then the doubtful creditability of their policy will be undermined. The economist at the highly monetarist St. Louis Fed, who explained to me that a genuinely tight policy would bring rates down rather than drive them up, through the effect on inflation expectations, is I suspect a lone voice in the U.S. heartlands.

For the utilities, however, there is a further dilemma. Since they operate under price regulation, their equities have little appeal in a market which is seeking a hedge against inflation; and bank borrowing is hardly a suitable source of finance for long-term investments such as power stations. Failing some financial inventiveness, following the example of Sunshine Mines, which has issued a bond partly indexed to the price of silver, they will be driven reluctantly to the increasingly expensive bond market, no doubt at ever shorter maturities, and are likely to continue to invest too little and too late to cater for the growth of demand.

Finally, consider the U.S. consumer. The much-discussed drop in U.S. household saving is really an enormous rise in borrowing. When he is urged to borrow, at tax-deductible expense, to obtain a geared up profit on his house, and then to turn that profit into spending money, the annual growth of 25 per cent in mortgage lending is not at all surprising.

To sum up what looks a sorry mess, it is hard to see how present policies can check monetary inflation. In what is still a borrowers' market, the availability of floating-rate finance must, as Mr. Kaufman argues, permit continued borrowing even if interest rates are thought to be near a peak—itself somewhat improbable.

Alternative disaster

The disorder of the long-term market can only increase pressure on the banking system; and since that system itself looks somewhat fragile, a ruthless monetary deflation could prove simply an alternative disaster. Further, the current strength of the dollar, a response to interest rates as well as war scares, suggests that even if credit is successfully checked, the monetary result may appear as much in foreign currencies as in the dollar numbers—a backwards run of the financial film of the 1970s.

In these forbidding circumstances, it is hardly surprising that the idea of regulators is again emerging in the presidential election primaries, in Congress and in one case—Dr. Alfred Kahn, the President's adviser on inflation—in the Administration itself. Some form of credit control, if only to retore some of the crunchiness which Mr. Kaufman misses so sadly, seems the likeliest outcome, despite the declared distaste of Mr. Paul Volcker and the Fed, which has sent out a note to discourage financial and speculative lending (shades of the Bank of England in 1973!). Regulation, like stagflation, is a sad outcome, but it does provide a *modus vivendi* until the fundamentals can be addressed. Our own survival is the proof.

MEN AND MATTERS

Finding horses for situations

As Brian Haslett admits, the people he is looking for often behave in "irregular" ways. To some their style might even appear "criminal." The dividing line is very thin, says Haslett, the veteran venture capitalist who after 10 years in the U.S. has returned to become managing director of Venture Founders, the new Pilkington-backed venture capital company.

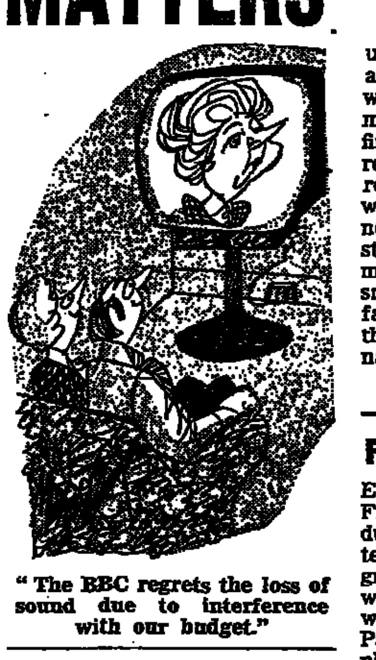
He prefers to see entrepreneurs as practising—"situational ethics." But often, he concedes, the man-most-likely-to would not be ideal company on a desert island. If he is to bear away between £50,000 and £250,000 of Pilkington's money he must fulfil a number of requirements which form part of Haslett's proprietary screening process. The first, and overriding, condition is commitment—"he has to view his business as more important than his family, or any personal, political or social connections."

Marriage to a tame wife is also recommended.

The man will also be neither crapshooter nor "risk averse"—a person who takes calculated risks. His enjoyment of money should only be as a measure of his success. Like family, "money has to be a secondary motive." The entrepreneur knows the limit of his abilities, his will-power, and is familiar with the real world. "Unless you have heavy doses of that you are in for a pretty grim time."

The egoist of the first requirement must also refrain from trying to do everything himself. "If he is over-confident, he and his family will be well off, and by his own standards he will be doing very well. But the investors won't."

After the customary interviews, says Haslett, the 25 applicants who seem to measure up best will be sieved out and spend six 16-hour days with each other and with the men with the cheque books: "You are lucky if you are left with six or seven."



"The BBC regrets the loss of sound due to interference with our budget."

The general gloom about how many Brits measure up to his standards is misconceived, he thinks, and scepticism about the financial prospects even more so. Venture capital had been practically unavailable in the U.S. from the late Sixties onwards. Then two years ago the money started flooding in to an almost embarrassing extent, and all of it had generally found excellent homes. The Sprout Capital Group, he points out, recently showed a return of 29 per cent on "mature companies" compared with 41 per cent on "start-ups."

... and a party

If Haslett's analysis of the entrepreneur's character is correct, a party at No. 10 next Thursday should be a lively affair, reverberating to the clash of egos. The occasion is a "celebration of enterprise," based on an original idea by Margaret Thatcher, produced by Keith Joseph

During a visit to the DoI the Prime Minister said she would like to meet 50 or so of Britain's up-and-coming entrepreneurs, and a command performance was duly arranged. The department tells me it had no difficulty finding successful people of the requisite calibre through its regional offices. "To name them would be invidious, but we are not getting any giants like Weinstock or Laker," says a spokesman. "They mainly come from small, less well-known manufacturing companies, and I don't think there will be a household name at the party."

Future indefinite

Early manoeuvres for the French Presidential election, due in the spring of 1981, have tended to push into the background another noteworthy poll which has taken place, albeit with inconclusive results, in Paris. In the cloistered atmosphere of a girls' school the editorial staff of the country's most illustrious newspaper, Le Monde, met in conclave to fulfil every journalist's dream—that of choosing his own editor.

This power stems from the editorial staff's control of 40 per cent of the paper's shares. Other shareholders have agreed to leave the choice of editor to the journalists on condition that the successful candidate obtains 60 per cent of the vote. But the journalists, quick to criticise the failings of others, have proved incapable of agreeing among themselves. The 60 per cent threshold proved too much for them.

In spite of the retirement of two of the candidates, the final vote was still inconclusive, though it showed which way the wind was blowing. Claude Julien, who edits the weekly Le Monde Diplomatique, obtained 51.2 per cent of the votes compared with 44.4 per cent for foreign editor Jacques Amalric.

So the first editorial election—the present occupant of the chair, Jacques Fauvet, was appointed by the autocratic founder, Hubert Beuve-Meury—has turned out to be something of a fiasco. But there is no particular hurry since Fauvet is not due to retire until the end of 1982, and the journalists have agreed to try again in three months.

The choice facing them is more than merely a question of personalities. It may decide the future political tone of the paper. Julien is known for his left-wing and anti-U.S. views while Amalric has developed a strong distaste for the Soviet brand of Communism. Still, whoever is elected is unlikely to have as much power as previous editors. Collective rule has become much more than a slogan at the top (French) people's paper.

Playing it again

Things never seem to go quite right at Chase Manhattan Bank. Executives at its skyscraper headquarters off Wall Street yesterday were trying to explain the latest foul-up, which has deeply embarrassed its chairman, Mr. David Rockefeller.

Rockefeller delivered a speech in New York on Tuesday about one of his favourite topics: How the world financial system can adjust to soaring oil prices. The burden of his message was that the system could handle it. Unfortunately, the speech distributed to the press predicted quite the opposite: that soaring costs would force several more countries to reschedule their debts to the banks. This nightmarish scenario naturally hit the headlines.

Appalled by what had happened, Rockefeller explained that the distributed version, was a draft that had been rejected. But the damage had been done. Whether or not Rockefeller holds these views, clearly someone at Chase does, and is influential enough to get them drafted, sending shock waves through the world's entire banking system, and doing little for Rockefeller's standing as an international financial pundit.

Observer

The new power of Afrikaner business

BY PAUL CHEESERIGHT AND BERNARD SIMON

AFRIKANER POWER in South Africa mining finance has grown and is continuing to increase. But the Afrikaner and the English-speaking houses have developed a community of interests which has been reflected in the shift, however limited, towards more liberal attitudes in the Nationalist Government.

That community of interests became noticeable when Mr. Harry Oppenheimer snapped up 25 per cent of Consolidated Gold Fields of London for his Anglo American Corporation-De Beers Consolidated Mines group of companies. True, he was re-asserting the dominance of his groups among the mining finance houses and undoubtedly he aimed to keep General Mining, the Afrikaner house, away from Gold Fields of South Africa, 46 per cent owned by Consolidated Gold Fields. But, significantly, this display of English and Afrikaner rivalry does not appear to have injured Afrikaner susceptibilities, as it would have done 20 years ago.

Until the mid-1960s, South Africa's mining houses were the preserve of the successors to the English and Jewish magnates who built the first gold mines near Johannesburg in the 1880s and 1890s—Barney Barnato, Cecil Rhodes, Solly and Woolf Joel, the Albu brothers, and so on. Afrikaans newspaper cartoons portrayed the mining magnate—personified by Sir Ernest Oppenheimer and his son Harry—as a hook-nosed, cigar-smoking wheeler-dealer named Hoggenheimer.

In the early 1960s the audacity like that of the Consolidated Gold Fields coup would have aroused fears that Mr. Oppenheimer was trying to subvert the Afrikaner nation. "He can secretly cause a good many things to happen," Dr. Hendrik Vorwoerd, then Prime Minister, said of Mr. Oppenheimer. "In other words he can pull strings. With all that monetary power and with this powerful machine which is spread over the whole of the country he can, if he so chooses, exercise an enormous influence against the Government and the state." In the mid-1960s a Nationalist cabinet minister threatened to nationalise Anglo American.

Dr. Verwoerd was right about the power then of course. And the judgment is equally valid now. Indeed it may even have been an understatement because Anglo American-De Beers is at the centre of a complicated web of cross-shareholdings which draw seven mining finance houses together and is a driving force behind the South African economy.

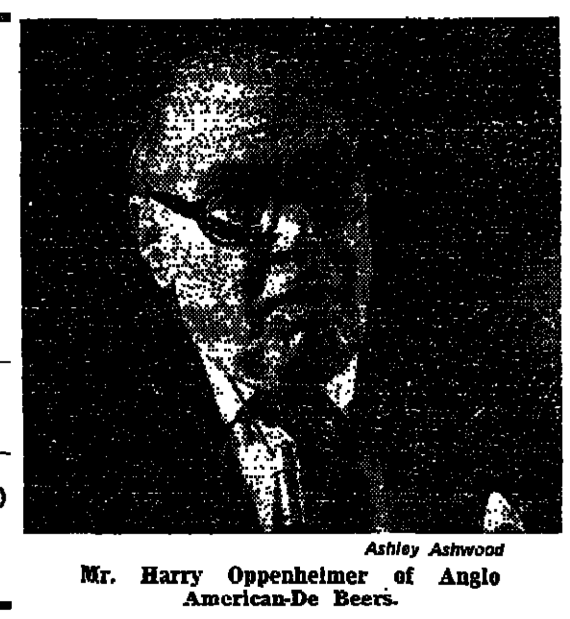
Anglo American and De Beers act together. Anglo effectively controls Johannesburg Consolidated Investment and has a share in General Mining, which in turn is seeking full ownership of Union Corporation. In addition there are Anglo-Transvaal Consolidated Investments, Barlow Rand, a conglomerate which owns Rand Mines, and, of course, Gold Fields of South Africa.

Not only do the houses own shares in each other, but they maintain holdings in each others' individually quoted mines. They dominate the mining industry, their tentacles stretch through industry and finance, and because of all that they play a crucial role in the economy.

Yet the power of the mining finance houses is not simply economic. With more than 500,000 black labourers on their payroll, they are, as a sector, one of the biggest employers of labour in South Africa. The way the houses, through the Chamber of Mines, seek to resolve the black-white relationship is thus fundamental to the history and future of South Africa.

MAJOR CROSS SHAREHOLDINGS OF LEADING MINING HOUSES

	% holding	
Anglo American Corporation	9.57	General Mining
	8.35	Barlow Rand
	40.81	Johannesburg Consolidated Investments
	10.3	Gold Fields of South Africa (via Amgold)
	30.37	De Beers
De Beers Consolidated Mines	39.0	Anglo American
	9.1	Johannesburg Consolidated
General Mining	51.7	Union Corporation (bidding for 100%)
	18.9	Holding company of Anglo-Transvaal Consolidated Investments



Ashley Ashwood

Mr. Harry Oppenheimer of Anglo American-De Beers.

What has made the question doubly complicated has been the fact that the policy of the houses towards the use of black labour—for economic rather than altruistic reasons—has often been at variance with the more extreme precepts of white supremacy.

Before 1911, the desire of the employers to raise the level of employment of blacks from mere labour to machine handlers led to mine strikes and the legal imposition of a colour bar in the mines.

Exactly the same problem is posed now. The mine owners are eager for greater productivity. Because poorer grades of ore are being milled gold output has dropped 25 per cent in the past seven years, though the amount of ore milled has risen by 16 per cent. That wish cuts into traditional Afrikaner wisdom that the best way to maintain white supremacy is separate development.

The objective of a stable labour force with skilled and semi-skilled workers resident wth their families at the mines is incompatible with the current practice of leaving the families behind in the black homelands. The idea of paying the rate for the job means that some blacks will earn more than whites—in time.

One of the leaders in the movement for greater labour flexibility has been Mr. Oppenheimer. But he is no longer an isolated Hoggenheimer. "Fortunately," said Mr. L. W. P. van den Bosch, president of the Chamber of Mines in 1978, "the urgent need to make full use of the country's manpower potential coincides with widespread acceptance embracing all political groupings that job reservation based on racial discrimination is no longer defensible or practical."

No longer automatically seen as a subversive, Mr. Oppenheimer can carry through actions like the Consolidated Gold Fields coup without attracting too much local criticism. He has allies—and allies from what at first sight might seem an unexpected quarter.

These allies emerge because of two distinct developments. The first is the promotion of the idea of a South Africa which must unite in the face of opposition from the rest of the world—the creation of defences around the laager. The second is the rise of Afrikaner capitalism, which has eroded the crude division between the English-speaking business class with little political power, and the Afrikaner landed interests, which, with the Afrikaner urban working class, have ruled the country for the last generation.

One of the favourite speech themes of the South African Prime Minister, Mr. P. W. Botha, and his military advisers is the urgency of mobilising all the country's resources—political, economic and military—to meet the "total onslaught" of its enemies.

Pretoria's recognition that economic strategy is as important as political ideology stems largely from the growing influence of Afrikaner businessmen on the direction of National Party thinking in the past decade. Indeed, the impact of their views on such crucial policy areas as labour is widely regarded as the main cause of a deepening split within the party.

On one side are the arch-conservatives whose top priority is the retention of unconditional and unchallenged white superiority, especially on the workfloor. On the other, are the business-backed Verligtes (enlightened ones), who realise, for instance, how skilled labour shortages have contributed to double-digit inflation and loss of production.

The Afrikaner businessman now probably has as much, if not more, in common with his English-speaking counterpart in commerce, industry and mining as with the blue-collar workers, farmers, teachers and civil servants who have traditionally formed the power base of the National Party.

The rise of Afrikaner business has thus brought a rapprochement between the Government and business in general. One seldom hears complaints now that business is doing its best to subvert government policies, or from the other side, that Pretoria takes decisions vital to business without consulting its leaders.

What's good for Afrikaner business is also good for English business. Afrikaner industrialists have been a major force in getting the Government to make some of the changes for which their English-speaking counterparts have been pressing for years.

There is little doubt that the business lobby has scored some significant successes. Foreign exchange controls are slowly being dismantled, price controls will probably be next. The labour market, while still very imperfect, is less restrictive than it used to be.

Nowhere is the emergence of a powerful Afrikaner voice and the merging of Afrikaner and English business interests more noticeable than in the mining industry.

Breakthrough

The first seeds of change in the industry were sown in 1953, when the fledgling Afrikaner industrial groups, Federale Volksbeleggings and Bonuskor, formed a mining arm, called Federale Mynbou, to run their small coal mines in the eastern Transvaal.

The breakthrough came in 1957 when Federale Mynbou won an Electricity Supply Commission tender to deliver coal to the new Komati power station—one of many government contracts which helped put Afrikaner companies on their feet.

With the poor image of the mining industry and particularly Anglo-American in Government, Anglo was keen to see the Afrikaners get a bigger stake in mining. A complicated exchange of shares in 1965 gave Federale Mynbou control of the Anglo-American affiliate General Mining, which had a number of valuable gold and uranium mines, particularly in the far western Transvaal. The deal meant that assets controlled by Federale Mynbou leapt from R70m to R300m.

"I think it's a very good thing for the gold mining industry that there should be a large house which is Afrikaner oriented," Mr. Oppenheimer said in 1969. General Mining is now the country's second largest mining company after Anglo with assets of over R1.3bn last year.

A senior executive at Anglo American, generally recognised as the most outspoken and progressive mining company, says that he sees General Mining as "an ally" in pressing for industrial reform. Despite earlier opposition, General Mining now agrees with Anglo's stand for the recognition of black trade unions. Both houses are also pressing for a narrowing of the wage gap between black and white mine workers, still about 7 to 1.

Mr. Oppenheimer has, however, signalled that he wants more, when he said last July that "what is needed is a change of emphasis away from the politics of protest towards the politics of power: and all liberal institutions must examine how they can become more directly and positively engaged in promoting and encouraging the process of change (in government policy) which is now under way."

Politics Today will appear on Saturday.

Letters to the Editor

Making up the balance

From Mr. R. Pearce

Sir,—With reference to Samuel Brittan's Lombard column (February 25) concerning the 55-year-old unemployed steel worker, the idea that as he may have a limited earning capacity the state should pay the balance to give him a living wage should he find employment is worthy of further investigation.

Let us imagine that British Rail has a vacancy for a carriage cleaner at £30 per week which it cannot fill then our 55-year-old could be offered the job at this amount. The state could then make up the balance of his earnings to what he was already getting on the dole.

Politically this seems very acceptable for several reasons: you have one less unemployed, less social security benefits have to be paid, the Government gets the employers' contributions, British Rail gets clean carriages, the travelling public benefits and one man has more self respect.

A scheme should not be impossible to administer although full co-operation would be necessary from the trade unions. If we are seriously thinking t' unemployment could rise to 2m then this is socially unacceptable—drastic radical cures and ideas must be found and tried.

R. J. Pearce.
5, Marlborough Road, Castle Bromwich, Birmingham.

Partial benefit

From Mr. M. Clear

Sir,—As a constant reader of Samuel Brittan's economic articles, I was particularly interested in his Lombard column of February 25.

There really is an impasse in industry where vacancies are advertised for jobs but those on registered unemployment feel it is not worth their while to give up state benefit for the pay offered.

If I may develop the argument a stage further, the end result is that the company is short of production people while the very people they need continue on state benefit at taxpayers' expense.

I believe trade union leaders would support any scheme which could give their members work. I cannot believe that it is beyond the resources of Government departments to devise a scheme for overcoming the complexities of taxation, etc., in order to allow the worker to have partial unemployment benefit on top of payment for a job where remuneration is low.

The result would be: more people at work in jobs which are not of the "created" type; an equal reduction in the numbers on the unemployed register; and less burden on the taxpayer.

Something really must be done!

Michael Clear.
4, Homefield Lane, Rothley, Leicester.

Quite easily done

From Mr. T. Ahern

Sir,—There is no doubt that indexing of capital gains tax ignoring paper profits from inflation, and reduction in liability to tax the longer the asset has been held, would greatly increase the workload of the Inland Revenue, and would also increase the difficulties in rendering the return.

It is suggested that the out-of-date 1965 "Doomsday" prices should be scrapped and an April 5, 1980 price structure substituted. In many cases this would reduce liability to tax on old holdings (much of the profits due entirely to inflation) and also reduce the work of the Inland Revenue in checking prices of old acquisitions.

T. S. Ahern.
30, Gordon Road, Claygate, Surrey.

The case for carpets

From Mr. R. O'Sullivan

Sir,—Mr. James Hartley (February 22), chairman of what is probably Britain's most efficient plain and patterned tufted carpet manufacturer, makes a compelling case for a realistic response by the British Government to the unfair competition nylon carpet producers are currently facing from imports, which is based on artificially low synthetic yarn prices derived from controlled U.S. energy prices.

By putting a quota on imported synthetic yarn, but none on finished carpet made from that yarn, the Government has done nothing to attack the unfair costs advantage of imported synthetic carpets, while limiting the ability of UK manufacturers to enjoy the advantage of low-priced synthetic yarns by buying abroad.

In any event what is needed is not a quota on imported carpets, but a tariff equal to the costs advantage derived by overseas manufacturers from subsidised yarn prices.

This would make it crystal clear that the purpose of Government action was to restore fair competition in tufted carpet manufacture, rather than to protect the British industry against the scale advantages of American producers.

If the British carpet industry was to press for such a tariff its case would be unanswerable.

R. M. S. O'Sullivan.
Basildon House, Moorgate, EC2.

Imports of textiles

From the General Secretary National Union of Tailors and Garment Workers

Sir,—Given the availability of finance and the confidence to invest, United Kingdom suit manufacturers could compete on the same levels of quality and productivity as our competitors on the Continent, claims John Beddows (Feb. 19). This is surely the crux of the problem facing the United Kingdom clothing industry at the present time.

For manufacturing industry to remain competitive and improve its efficiency requires availability of finance at reasonable cost. Present interest rates are completely unreasonable, particularly for the smaller manufacturer in an industry such as clothing. Given this and the continuing uncertainty about future import regulation, there is neither the ready availability of money for investment nor confidence in the future. That is why we have been stressing the need for a change of direction by the present Government.

There is a strong case for the introduction of preferential interest rates for manufacturing industry to prevent it being crushed out of existence. In addition, the Government has got to recognise that the free market approach to trade cannot and will not result in the survival of the United Kingdom textile and clothing industry. There is a need for an unequivocal commitment by the Government to an all-out attempt to ensure that, through the EEC, the multi-fibre arrangement will be renewed and strengthened in 1981.

Government utterances about an "orderly marketing arrangement" when the present MFA expires are quite insufficient. Equally unsatisfactory is the suggestion that 1981 is too far away to start talking about MFA renewal. It has to be recognised that negotiations drag on and that lack of preparedness can again result in the EEC, and the United Kingdom in particular, being short-changed in such negotiations.

The United Kingdom clothing industry has proved that given the right economic environment it will invest and it can compete. The scheme of assistance to the industry under the 1972 Industry Act produced total investment of more than £80m during its short period of existence. And despite the difficulties of the past few years, productivity in the clothing industry has been increasing at a much faster rate than for manufacturing industry as a whole.

Workers in the industry have an important part to play in continuing productivity improvements. They recognise the necessity to reduce unit costs through improved efficiency. What they cannot accept however, is improved efficiency and lower unit costs through reduced working conditions and remuneration. Accordingly, it is the desire of every clothing worker to see the industry on a secure footing, investing more, producing more and selling more, in return for the improved security, enhanced prospects and better remuneration that this must bring to all engaged in the manufacture of clothing.

Given this level of goodwill, we start with a considerable advantage. What is now needed is the support of the Government through action on interest rates and on stemming the flow of, often unfair and frequently illegal, imports.

In a "fair competition" situation, the United Kingdom clothing industry can both survive and prosper. It can only collapse however, if forced to exist in a world of "politically priced" or "socially dumped" imports.

Alec Smith.
Radlett House, West Hill, Aspley Guise, Milton Keynes.

Channel link

From the Leader, Greater London Council

Sir,—While it is not surprising for there to be reluctance to "invest" in nationalised projects your report on the Channel Tunnel (Feb. 26) makes grim reading.

The antipathy of both Government and private sector is probably rooted in the proposal's being for a tunnel. From my own knowledge there is ample private finance available for a fixed link in bridge form.

A tunnel means rail only, and British Rail at that. A bridge is multi-purpose — road, rail and pipeline, even — as well as being visible, which is an important psychological factor.

I personally will settle for either a bridge or a tunnel, and regret any Little England tendency which opposes either. But I am convinced that a bridge is the better bet from every point of view, particularly financial.

(Sir) Horace Cutler.
County Hall, SE1.

Product liability

From the Secretary Product Liability Committee, European Organisation for Quality Control

Sir,—It is good to see that the CBI has entered the correspondence about product liability Mr. Rigby's letter of February 23) with some expression of its views. It would be very helpful if the CBI would care to give its views on a couple of thorny problems which arise from the EEC draft directive and from the Pearson report.

The first concerns the precise meaning which is to be attached to the word "identical" in relation to manufactured product, and the limit of approximately £16m total compensation for injuries caused by "identical articles." If it is taken in the literal sense it could be very costly indeed with regard to insurance cover for manufacturers.

The second problem concerns the position of the manufacturer of a component to the specification of his customer. Even if it is completely to specification, but causes injury to a user then, the component manufacturer will be held liable and not the customer producer of the specification. This point seems to be particularly detrimental to small manufacturers who make up the majority of the UK's suppliers to industry.

R. M. McRobb.
Glebe Cottage, Honeydon Road, Colmworth, Bedford.

Non-executive directors

From Mr. J. Drum.

Sir,—Mr. Fred Tuckman's response (February 27) to my letter (February 22) might give rise to a misunderstanding about the law and the non-executive director.

Under existing law a non-executive director can, and often does to the enormous benefit of a company, carry out those functions ascribed to him by Mr. Tuckman. The law might not recognise the non-executive director but it certainly does not prevent his existence or inhibit his performance.

What the law does, however, is to provide for the equal accountability of all the individual members of a board of directors whether they sport the title of managing director, finance director, production director or non-executive director.

Any move to change this high degree of director accountability should not be welcomed.

J. D. F. Drum,
2 Arlington Gardens, Chiswick, W4.

Buy British campaign

From Mr. T. Coghlan

Sir,—May I suggest a slogan for the current "Buy British" campaign, whose objectives I endorse: "It's your job—to buy British."

Timothy Coghlan.
East Cottages, Ewhurst Road, Peaslake, Surrey.

Today's Events

GENERAL

UK: Mr. Hamish Gray, Energy Minister, speaks at Perth and Kinross District Council lunch, Perth, then visits Heriot-Watt University, Edinburgh.

President Spiros Kiprianou of Cyprus in London for talks.

Prince Charles visits Decca Radar's marine, air and electronic warfare establishments at Hersham and Kingston-upon-Thames, Surrey.

Prince Philip opens Eurotherm International's electronics factory, West Durrington, Sussex.

Plessey managers face summons in the magistrates court for alleged financial irregularities at the Liverpool factory.

Institute of Health Administrators conference on Governments Paper "Patients First."

Conflicts in rural land-use, last day of symposium, Royal Geographical Society, London.

Sir Peter Gadsden, Lord Mayor of London, lunches with Board of Whitbreads Brewery, Chiswell Street.

Camping, Outdoor Holiday Exhibition and Motor Caravan Show opens, Olympia (until March 9).

Overseas: Mr. Lee Kuan Yew, Prime Minister of Singapore, in Manila for talks with President Ferdinand Marcos of the Philippines.

Budget Day, India.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

COMPANY MEETINGS

Assam Investments, 40 St. Mary Axe, EC, 11.30. Thos. French, The Conference Centre, Lancashire County Cricket Club, Old Trafford, Manchester, 12.30. Gough Cooper, Bromley Court Hotel, Bromley Hill, Kent, 12. Grange Trust, 70 Finsbury Pavement, EC, 12.30. Manchester Ship Canal, Free Trade Hall, Peters Street, Manchester, 12. Mid Southern Water, Frimley Green, Camberley, Surrey, 12. Muirhead, Hyde Park Hotel, Knightsbridge, SW, 11.15. Northern Foods, Grange Park Hotel, Willerby, Nr. Hull, 12.30.

COMPANY RESULTS

Final dividends: Habit Precision Engineering. Woodhouse Rixon Holdings.

LUNCHTIME MUSIC, London

Organ recital by Jeremy Spurgeon, St. Paul's Cathedral, 12.30 pm.

Recital by Arie Antiche Class directed by Celia Bizony, Guildhall School of Music and Drama, 1.10 pm.

The Student Singers of Trinity College of Music, Holy Sepulchre, Holborn Viaduct, 1.15 pm.

ICI profit up £139m as oil side recovers

AFTER reduced exchange losses, fourth quarter pre-tax profits of Imperial Chemical Industries, the UK's largest industrial group, rose from £87m to £145m to give a total of £560m for 1979—an increase of £139m on the previous year.

A significant contribution to profits was made by the group's oil business (including its share in the Ninian oilfield) which produced trading profits after £22m PRT, of £79m compared with a loss of £16m in 1978.

However, the directors point out that the profit increase should be seen in the light of inflation adjustments. On a CCA basis, the total of additional depreciation, cost of sales and erosion of the value of trade debtors less creditors, would have reduced pre-tax profits by £373m, as against £198m reduction in 1978.

Earnings per £1 ordinary stock before extraordinary items, are stated as 74.7p against 53.6p and a second interim dividend of 11p lifts the year's total from 18.46586p to 23p.

Exchange losses in the fourth quarter were reduced from £13m to £5m leaving total losses of £34m against £39m, at the year end. Profit is also after depreciation of £248m (£225m).

Group sales were up 18 per cent to £5.37bn. The value of sales in the UK increased by £432m to £2.23bn and overseas by £403m to £3.14bn. The fob value of exports was a record £1.11bn (£856m), while the volume of chemical exports rose by 10 per cent.

	Year 1979 £m	1978 £m
External sales	5,368	4,533
1st quarter	1,185	1,060
2nd quarter	1,382	1,156
3rd quarter	1,326	1,125
4th quarter	1,475	1,192
Depreciation	248	225
Exchange losses	34	39
Profit before tax	560	421
1st quarter	98	112
2nd quarter	162	139
3rd quarter	155	83
4th quarter	145	87
Tax	104	100
Net profit	456	321
Minorities	25	17
Extraord. debits	16	3
Applicable ICI	415	301
Dividends	134	105
Retained	281	196

Exports to western Europe were particularly strong and account for more than half the group's total.

The year started badly due to the road haulage dispute but subsequent sales volumes and profits rose with a particularly strong second quarter, the directors say. Although selling prices were raised throughout the year, the increases were not sufficient to recover completely higher feedstock and other costs.

The tax charge less grants for the year amounting to £104m (£100m) consists of £65m (£60m) UK tax, £43m (£50m) overseas tax and £15m (£13m) on profits of principal associated companies less a credit of £19m (£23m) for Government grants.

Lex, Back Page

HIGHLIGHTS

Lex looks at the ICI figures which are in line with expectations. Profits are heavily boosted by the first-time contribution from Ninian and inflationary gains from rising oil and chemical prices, but on a current cost accounting basis the dividend is only just covered. Vickers has decided to call it a day with its troublesome Roneo Vickers duplicating business and has sold out to a French company for £30m. On the other hand Hawker Siddeley is spending some of its cash pile with a further U.S. acquisition, this time for an electric motor company. Finally Lex considers the international interest rate scene where further rises were seen yesterday. On the inside pages there are comments on TACE, Campari and Footwear Industry. In the market new dealings in Berkeley Exploration got off to a hectic start with a 82p premium over the 50p offer price.

Ratcliffs (Gt. Bridge) reduced

TAXABLE profits of Ratcliffs (Great Bridge), manufacturer of brass and copper strip, declined from £1.79m to £1.58m in the year to December 31, 1979, after a second-half slip to £743,000 compared with £973,800.

At the interim stage, directors anticipated recommending a final dividend of 2p if the full year's results compared favourably with 1978. The final of 1.5p now announced lifts the total from 2.1183p to 2.5p.

The surplus this time includes £122,500 exceptional metal gains which have been transferred to the metal price contingency reserve and are not regarded as available for distribution.

After tax of £649,000 against £822,000, stated earnings per 25p share are 18.96p (19.79p).

Wm. Jacks profit at £411,000

PRE-TAX PROFITS of William Jacks and Co. amounted to £410,829 in 1979, compared with £646,126 for the previous 18 months, on turnover of £13.84m, against £16.67m.

After tax of £139,745 (£250,644), earnings per 25p share are given as 4.98p (7.27p). The net total dividend is 1.4p, with a final of 0.7p—the total for the previous 18 months was 1.8275p.

As a result of SSAP 14, goodwill totalling £312,637 has been written off.

Freehold properties were professionally revalued at the year-end and a surplus of £287,898 has been taken to capital reserves.

The company, which is a subsidary of William Jacks and Co. (Malaya) Bhd., is engaged in overseas trading, motor car distribution and retailing, and providing documentary credit facilities.

Tate and Lyle in deal with U.S. health group

Tate and Lyle is to develop and market a new range of products, including sweetening agents, in partnership with the U.S. health care group, Johnson and Johnson. The group's chairman, Lord Jellicoe, announced the agreement at yesterday's annual meeting and said Tate and Lyle has received an immediate payment of $4m (£1.75m) in return for granting a sweetening agent licence to the U.S. company in certain territories.

Lord Jellicoe told shareholders that further payments will be made as development proceeds, together with substantial royalties if the product range is successful. He did not elaborate any other financial details of the agreement.

At the same time, Lord Jellicoe announced the sale of a 24,000 ton parcel carrier, the Anco Stane, which follows the recent disposal of two 39,000 ton product carriers. The Anco Stane was sold to John Swire and Sons, part of the Swire group, and the transaction will produce a book profit of £750,000 which T and L will take in as an extraordinary item. The sale price is thought to be in excess of £3.5m.

The total consideration for the three ships was over £22m which, according to Lord Jellicoe, will have a strong positive influence on this year's cash flow. The book profit on the three deals is £1¼m.

John Edwards writes: Tate and Lyle's anxiety about competition from domestically produced beet sugar has increased as a result of the EEC Commission's decision to grant the UK an additional 74,000 tonnes of "B" quota sugar under its plan to cut back the Community total sugar production by 10 per cent.

Added to the proposed A quota of 936,000 tonnes this would give the British Sugar Corporation an output of 1,010,000 tonnes—with the A quota receiving the full guaranteed EEC price and the B quota 70 per cent of the guarantee, after payment of a 30 per cent levy.

British Sugar say even this reduced cutback would mean the closure of six, instead of eight, factories but it would mean a reduced share of the UK market for Tate and Lyle cane refined sugar, which cannot compete on price with beet sugar.

A suggestion by Lord Jellicoe at the annual meeting that an alternative approach would be to export surplus beet sugar is likely to be opposed on the grounds that it would be more sensible to export the less profitable cane sugar.

Lord Jellicoe admitted that the decision on the proposed cutback in EEC beet sugar output may well not be reached in time to affect this year's plantings. Instead the delay, and the rise in world market prices, could encourage growers to plant more in order to strengthen their case for higher quotas.

British Sugar produced a record crop of 1.15m tonnes this season which it describes as a good average. Growers have already agreed to plant a similar acreage this year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
A.C. Cars	Nil	—	0.43	0.14	0.6
Australn. & Inl. Tst. int.	1	April 25	1	—	3.35
Brit. Assets Tst. qtr. int.	0.8	April 8	0.65	—§	3.1¶
Campari Intnl. ......int.	1.9	April 9	1.74*	—	3.65*
Cardinal Inv. Tst.	2.55‖	March 28	2.14*	4.38	3.28*
FII ......int.	1.54	May 12	1.54	—	5.04
ICI ......2nd int.	11	April 3	8.47	23	18.47
Wm. Jacks	0.7	—	0.84‡	1.4	1.83‡
Lond. Shop Pty. Tst. int.	0.95	April 30	0.9	—	3.05
Ratcliffs (Gt. Bridge)	1.5	May 1	1.37	2.5	2.12
Tace	1.2	April 22	1	2	1.5
Thos. Walker ......int.	0.17	May 3	0.17	—	0.93

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 18 months. § 3.2p total forecast. ¶ Including special dividend of 0.3p. ‖ Plus special of 0.33p.

Tace up slightly at £568,000 after higher interest charges

A DOWNTURN in the second half from £351,000 to £303,000 left taxable profits of Tace, manufacturer of electronic and engineering products, marginally higher at £568,000 for the year ended September 30, 1979, compared with £558,000. Interest charges were up sharply from £346,000 to £484,000.

In July when reporting a rise of £58,000 to £265,000 in first-half profits, the directors said the improved trend continued to be maintained and it was anticipated that the full year would show reasonable progress. In the event results were affected by the general industrial unrest, particularly in the last two months of the year.

They now say that it is difficult to predict the outcome for the 1979-80 year in the current industrial climate, although results for the first quarter are ahead of last year.

	1978-79 £000	1977-78 £000
Turnover	14,866	13,685
Trading profit	1,052	904
Interest charges	484	346
Profit before tax	568	558
Tax credit	35	*89
Net profit	603	469
To minorities	63	45
Attributable	540	424
Ordinary dividends	83	70
Prefd. Ord. dividends	46	46
Extraord. debits	83	360
To reserves	318	†52

* Tax charge. † From reserves.

With turnover £1.2m higher at £14.87m, trading profits for the year under review moved up 16 per cent to £1.05m.

Stated earnings per 10p share advanced by 27 per cent from 6.72p to 8.56p, while a final dividend of 1.2p (1p) raises the net total by 33 per cent to 2p (1.5p) per share.

There was a tax credit of £35,000 (£89,000 charge) arising from the setback of current losses of certain UK subsidiaries against prior years' profits, less write-off of unrecoverable ACT.

Net tangible assets at the year end improved from 59.1p to 67.6p per share.

● comment

A slower second half has held Tace's profits back to only £10,000 up on 1978, despite being £58,000 ahead at the halfway. The company says that the engineering strike did the damage, hitting customer demand rather than its own operations. Losses on Dutch operations seem to be taking rather longer than anticipated to eliminate, but profitable trading is expected this year. Meanwhile, the group continues to enjoy useful stock appreciation benefits resulting in tax recoverable last year. For the current year, the steel strike makes forecasting any out-turn risky. But first-quarter business is probably 12 per cent up on last year, with the order book about 15 per cent better. The historic p/e of 2.6 and yields of 13 per cent at 24p are undemanding enough, especially with net tangible assets running at around three times the share price.

Swan Hunter liquidation report

High interest rates and low tax bills have meant a higher-than-expected distribution to shareholders of the Swan Hunter group, which is in members' voluntary liquidation. During the first year of winding up, which followed an extraordinary meeting on January 12, 1979, shareholders received 144.5p per share, totalling £26.5m.

The joint liquidators report that at January 11 year end, bank balances totalled £898. Other material assets were £1.3m treasury stock, and £450,000 in certificates of tax deposit since reduced to £152,840. The liquidators plan sale of the stock, either for distribution or to reset contingent liabilities.

The liquidators say that they cannot yet forecast when liquidation will be completed. They say that subject to the disposal of contingent liabilities, "further distributions are envisaged."

SPAIN

February 28	Price %	+ or —
Banco Bilbao	223	+4
Banco Central	252	+4
Banco Exterior	213	+3
Banco Hispano	220	+4
Banco Ind. Cat.	135	
Banco Madrid	160	−2
Banco Santander	264	−3
Banco Urquijo	170	−3
Banco Vizcaya	234	+4
Banco Zaragoza	205	
Dragados	101	+1
Espanola Zinc	62	
Fecsa	57	+0.3
Gal. Preciados	34	+1
Hidrola	63.2	+0.2
Iberduero	60.2	+0.2
Petroleos	111	−1
Petroliber	85	
Sogefisa	115	
Telefonica	55.7	−0.3
Union Elect.	62.2	

Campari falls at halftime

HIGHER interest charges and reduced spending on clothing in the last quarter affected pre-tax profits of Campari International and the result for the seven months ended December 31, 1979 was down from £852,245 to £745,984.

Stated earnings per 20p share are 4.4p against 5p. The interim dividend is effectively raised from 1.74p to 1.9p—last year's total was equal to 3.65p on pre-tax profits of £1.5m.

Turnover for the seven months amounted to £12.28m against £9.91m. While leisure clothing sales in the UK were not immune from the general cuts in spending, camping and leisure equipment held their own, although not sufficiently to compensate. The directors expect that full-year figures will be broadly in line with the present trend.

Interest charges of £842,050 (£470,141) largely resulted from increased rates and from the continuing expansion programme, the directors add.

Tax charge is £390,000 against £445,000, including £175,000 (£185,000) from overseas.

● comment

The current economic climate is hardly conducive to companies like Campari International. Sluggish consumer spending trends are hitting producers of discretionary goods particularly hard and forcing them to maintain an embarrassing level of stocks, which must be financed at very high interest rates. Campari, in addition, is expanding fast in Europe where volume sales have not grown sufficiently to justify high overheads. The upshot is borrowings equivalent to shareholders' funds, poor cash-flow and a high exposure to flatness in volume. So far, despite very disappointing textile sales late last year and early this, volume has held up (turnover is up by almost a quarter) and the dip in profits is attributable to the sharply higher interest charge. Whether sales will continue to push ahead in the second half is open to doubt, and yesterday's 9p drop in the share price to 80p suggests some scepticism on the part of the market. On prospective pre-tax earnings of £1.3m the fully-taxed p/e works out at 10.2 which anticipates a considerable improvement in the cash-flow of the European operations. A final dividend of 2.4p would produce a yield of 7.9 per cent.

Clive Discount warns on final dividend

THERE HAVE been large trading losses to date in the current year, say the directors of Clive Discount Holdings, and they sound a note of warning on the payment of a final dividend.

However, they are meeting the preference dividend, due on March 31, but say this should not be taken to be indicative of dividend policy on the ordinary capital.

The heavy losses have depleted the company's resources, they add, the rebuilding of which will be a primary concern to the board when considering a final payment on the ordinary shares.

An interim of 2.12p (2.03p) has already been paid. The final last year was 3.3017p. Pre-tax profits for 1978-79 amounted to £1.38m (£2.12m).

At the interim stage of the current year, the directors said trading conditions had been unfavourable during the majority of the period due to the rise in MLR. Running margins had been adversely affected by unfulfilled expectation of lower interest rates.

FFI £1.1m bond purchase

Under the terms of the trust deed constituting the 12.5 per cent sterling/U.S. dollar payable bonds 1989 of the company, Finance for Industry has purchased £1,125,000 nominal of the bonds, which are being cancelled.

These bonds will be cred[illegible] to and applied in satisfaction [illegible] the company's sinking [illegible] obligation to redeem that a[illegible] on July 1, 1981. Acc[illegible]ly there will be no dra[illegible] in connection with the [illegible]ment of bonds due on tha[illegible]

Nominal amoun[illegible] the bonds outstanding is £2[illegible]

INVESTMENT TRUSTS

More than £1m from Cardinal Investment

Net revenue before tax of Cardinal Investment Trust pushed ahead from £0.86m to £1.06m for 1979.

Including franked income of £790,383 against £617,092, total revenue rose from £1.35m to £1.51m and the pre-tax result was struck after management expenses and interest totalling £452,060 (£489,000).

Earnings per 25p share improved from 3.57p to 4.65p and a final dividend of 2.55p (plus a non-recurring special of 0.33p) effectively lifts the total payment from 3.375p to 4.38p, at a cost of £621,717 (£473,239).

Tax for the year took £384,967 (£342,183) and £37,793 (£27,758) was taken to reserve.

Assuming full conversion of convertible loan stock, the net asset value per share at December 31, 1979, was 129.4p (117.1p).

AUSTRALIAN AND INTERNATIONAL

For the six months to January 31, 1980, Australian and International Trust reports an advance from £157,752 to £178,778 in revenue before tax. With tax taking £76,675 against £68,426, available revenue came through £12,777 higher at £102,103, and the interim dividend is held at 1p net. Last year's total payment amounted to 3.35p.

After allowing for the proposed dividend, the net asset value per 50p share at January 31 was 130.6p compared with 132.1p.

SCOTTISH INVESTMENT

With franked income giving £1.14m against £0.86m and unfranked £0.88m against £0.57m, gross investment income of Scottish Investment Trust Company advanced by some £0.6m to £2.02m in the three months to January 31, 1980.

This figure was struck before gross interest of £217,000 (£99,000) and expenses £93,000 (£81,000).

At January 31 total assets at market valuation amounted to £133.8m (£128 at October 31, 1979). Net asset value per 25p stock unit, after deducting prior charges at par, was 136.5p (128.2p).

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.320	44	0.80	4	1	—	—	F.275
AKZ C	F.25	65	1.30	9	1.70	34	2.10	F.24.80
AKZ C	F.27.50	33	0.50	27	0.80	—	—	"
AKZ C	F.30	—	—	20	0.40	—	—	"
AKZ P	F.25	27	0.90	—	—	—	—	"
AKZ P	F.27.50	10	3	3	3.50	—	—	"
ARB C	F.60	—	—	—	—	1	2	F.57
HEI C	F.65	—	—	10	5.50	10	7	F.64.80
HEI C	F.70	4	1.70	—	—	20	3.50	"
HEI P	F.65	5	3	10	4	—	—	"
HO C	F.22.50	—	—	—	—	15	1.60	F.20.60
IBM C	$60	12	4⅝	—	—	—	—	$62⅝
IBM C	$65	—	—	10	4½	—	—	"
IBM C	$70	20	1	—	—	1	4⅝	"
KLM C	F.60	4	8	—	—	5	11	F.68
KLM C	F.70	82	3	3	5.40	—	—	"
KLM C	F.80	167	0.80	3	2.80	25	3.20	"
KLM P	F.60	4	1.50	—	—	1	4.40	"
KLM P	F.70	35	4.80	10	7.30	5	9	"
KLM P	F.80	33	13.50	2	14.20	10	15.50	"
NN C	F.100	10	10.50	—	—	—	—	F.110.10
NN C	F.110	—	—	—	—	1	5.60	"
NN C	F.115	—	—	9	2.30	—	—	"
PET C	Fr.5500	20	50	—	—	—	—	Fr.5930
PHI C	F.17.50	—	—	10	2.30	20	2.60	F.19.80
PHI C	F.20	90	0.50	154	0.80	109	1.20	"
PHI C	22.50	25	0.10	90	0.40	51	0.60	"
PHI P	F.17.50	10	0.40	—	—	—	—	"
PHI P	F.20	40	1.20	—	—	—	—	"
PHI P	F.22.50	22	3.50	—	—	—	—	"
PRD C	$25	—	—	10	1½	—	—	$20⅝
RD C	F.140	14	28	—	—	—	—	F.167.30
RD C	F.150	54	18.50	15	19	10	21	"
RD C	F.160	183	11.20	20	10.50	10	15	"
RD C	F.170	356	5.80	311	7.60	31	9.30	"
RD P	F.140	50	0.20	—	—	—	—	"
RD P	F.150	35	1	20	3.20	—	—	"
RD P	F.160	177	4.10	10	6.60	—	—	"
RD P	F.170	1	7.50	3	12	—	—	"
UNI C	F.110	5	5.80	—	—	—	—	F.111.50
UNI C	F.115	5	2.90	37	3.70	—	—	"
UNI C	F.120	35	1	1	2	6	4	"
UNI C	F.125	19	0.30	—	—	—	—	"
UNI P	F.110	10	1.50	5	3.50	—	—	"
UNI P	F.120	5	7.50	—	—	—	—	"
XON C	$60	10	7⅛	—	—	—	—	$66¼
		May		Aug.		Nov.		
BA C	$60	7	5½	3	8⅛	—	—	$58⅛
OXY C	$25	30	6	—	—	—	—	$29¾
SLB C	$120	1	5⅛	—	—	—	—	$115⅛

TOTAL VOLUME IN CONTRACTS 2932

C=Call P=Put

Birmid reshaping may not show benefits this year

CONSIDERABLE EFFORTS have been made, particularly in recent years, to place Birmid Qualcast, the West Midlands foundry and engineering products group, on a realistic platform to meet the foreseen levels of demand in the 1980s. But the necessary actions have not been achieved without considerable costs, says Mr. James Insch, the chairman, in his annual statement.

Loss-making activities have steadily been eliminated and investment has been made in those companies judged to have a sound future. The major area of contraction has been in ferrous foundries, particularly some of those dependent upon UK manufacturers of passenger cars, whose market share has been declining.

Members are told that 1980 may not prove to be the best year in which to demonstrate the benefits of the actions taken, mainly because the UK and world economies seem to be heading into a recessive phase.

Increased finance charges will have to be borne in the current year, due not only to higher interest rates but also to the substantial costs incurred in reshaping the group and the additional burden caused by the engineers' dispute.

However, the board anticipates considerably improved profits in the current year.

As reported February 14, pre-tax profits fell by 35 per cent to £3.1m for the year ended November 3, 1979. Interest charges increased from £0.99m to £1.25m and there were rationalisation costs of £3.28m (£2.96m).

With the possibility of further strikes in mind, the year's dividend has ben cut from 4.98p to 4p net per share—national strikes and external dicruption during 1978-79 is estimated to have cost the group some £4m in lost profits.

Capital expenditure in the year increased from £6.4m to £8.8m, the major part of which related to new plant and equipment. The chairman says the group will continue to invest in companies where it is confident that future commercial opportunities are available.

At balance date, group fixed assets reached £37.98m (£34.63m), but net current assets were down from £41.7m to £38.5m. Net liquid funds had fallen by £4.46m (up £3.4m).

Meeting, Birmingham, March 20, noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim—Epicure.

Finals—Habit Precision Engineering, Squirrel Horn, Woodhouse and Rixson.

FUTURE DATES

Interims—	
Clark (Matthew)	Mar. 5
Crossfriars Trust	Mar. 5
Scholes (George H.)	Mar. 7
Finals—	
British Petroleum	Mar. 13
Clay (Richard)	Mar. 18
De Beers Industrial	Mar. 11
Family Investment Trust	Mar. 5
Galliford Brindley	Mar. 6
Kleinwort Benson Lonsdale	Apr. 2
Law. Debenture	Mar. 6
Low and Bonar	Mar. 31
Weeks Associates	Apr. 28
Weir Group	Mar. 19

BL dealers' enthusiasm for display credit scheme

At the end of its first year of operations, Wholesale Vehicle Finance, the provider of stock finance for UK distributors of BL, reports a pre-tax profit of £1.58m.

The company, a subsidiary of the National Enterprise Board, was launched in January 1979 to enable the UK distributors and dealers, franchised by BL Cars, to hold stocks of new cars and light commercial vehicles on consignment.

Mr. Alfred Singer, chairman, says that during 1979 almost all distributors and main dealers joined the WVF scheme and prepayment deposits of £112m were lodged with BL Cars, releasing to distributors and dealers about £60m previously held as stock deposits.

The scheme has achieved all the objectives set for it and has received generous expressions of approval from distributors and dealers, says Mr. Singer.

Display charges of £10.2m for the year represent turnover and is payable by the BL distributors in the scheme in respect of vehicles supplied under sale or return agreements, for the right to have those vehicles on display.

Previously BL distributors had to make a fixed deposit with BL Cars to finance part of their showroom stocks which are supplied by the manufacturer on a sale or return basis.

The year's profit is after loan stock interest of £425,000 but before tax of £77,000. After preliminary expenses written off, £186,000 and the proposed dividend of 8.5p per share absorbing £795,000, an amount of £522,000 is carried forward.

At December 31, the company had total acceptance credit facilities of £84.42m of which £82.41m had been drawn. The participating banks have agreed to an increase in the amount of the facility to £100.5m with effect from January 1, 1980.

The facility is subject to annual renegotiation and in the absence of agreement would be reduced to £67m on December 31, 1980, to £33.5m a year later and terminate on December 31, 1982. The company also has an unsecured overdraft facility with Midland Bank of £3.5m.

The National Enterprise Board holds 77.5 per cent of the WVF issued capital with the National Coal Board Pension Funds, Post Office Staff Superannuation Fund and United Dominions Trust each holding a 7.5 per cent share.

County Bank up to £7.24m

TAXABLE PROFITS of County Bank, a subsidiary of National Westminster Bank, rose to a record £7.24m in 1979, compared with a restated £7.02m last time.

Advances increased by £58.1m to £297m. Gross assets were up from £565.9m to £646.6m. Capital and reserves totalled £23.9m.

Mr. J. Leighton-Boyce, chairman, says that despite strong competition in all the markets in which the bank operates, the directors look to the future with confidence.

The abolition of UK exchange control regulations and the new representative office in New York have opened up significantly greater opportunities for the bank in the future, he adds.

The finance division increased its advances in sterling and other currencies by 18 per cent during the year, while the investment division had responsibility for investment funds amounting to nearly £1.5bn at the year end.

The chairman says he expects to see the bank providing more equity finance for growing private and listed companies.

A C Cars runs into £0.2m loss

A SECOND half slump from a £106,413 profit to a £276,868 loss has left AC Cars, high-performance car manufacturer and engineer, with an overall taxable deficit of £224,950 for the year ended September 30, 1979, compared with profits of £206,085.

And the final dividend has been passed, leaving the total at 0.14p (0.6p) net per 5p share.

At the interim stage the directors expected results for the full year to be lower than 1977-78.

Loss for the year was incurred after exceptional losses on car production and a low level of activity within both Thames Ditton factories, the directors explain.

Reorganisation has now taken place which should eliminate these losses.

Other engineering activities have continued to be profitable they add.

Turnover for the year improved from £3.38m to £3.65m and there was a tax credit of £107,450, against a £78,820 charge.

Loss came out at £117,500 (£127,265 profit) giving a loss per share of 6.4p (5.61p earnings).

Dividends' cost is £1,862 (£7,987) for the year.

The directors say the current use of group properties is now being reviewed.

Strike-hit Southern TV lower

THE 11-week national television strike resulted in drastically reduced pre-tax profits at Southern Television in the year to October 26, 1979, the figures being £3.02m against £4.84m. The Exchequer levy was down from £7.07m to £3.05m, and tax charged was reduced from £2.65m to £1.61m. Turnover dropped from £29.06m to £24.83m.

Apart from the 11-week national strike, the company lost 11 days' transmission through a local dispute involving the technician's union. Both production and sales suffered considerably from the disputes, and anticipated pre-tax profits were reduced by £1.45m.

In spite of the buoyancy of the advertising market, the company budgeted for a decrease in profitability compared with the 1977-78 figure. A substantial contribution to profits came from non-television activities. Profit from the television operation was a little more than £2m.

Mr. C. David Wilson, the chairman, says in his annual statement that the continuing level of inflation gives cause for concern, but the company's financial position is strong and there are adequate funds to meet the capital cost of the modernisation and replacement programme. The replacement cost of the assets employed in the company's business is currently of the order of £18m.

Mr. Wilson expresses disappointment in respect of the proposals for a fourth channel. He says the greatest single element in the strength of ITV over the 25 years of its existence is its regional base and ability to respond to the variety and vitality of regional life in this country.

He adds: "I therefore greatly regret that the IBA sees the fourth channel, in the first phase at least, as a national service and trust that regionalism will be introduced at the earliest practicable moment."

The company's contract with the IBA expires on December 31, 1981, and it is awaiting the publication of the new Broadcasting Bill and the conditions to be applied to the future Southern franchise.

The uncertainty of the situation, says Mr. Wilson, inevitably causes a degree of anxiety amongst all members of the staff, but he is confident the company will continue to have an important role to play in the future.

The company is continuing to expand its programme activities and the budget for the coming year has been increased by £2.3m. Substantial sums are being made available for the production of films and television series through the new subsidiary, Southern Pictures.

Net advertising income during the year was over £4m lower at £23.51m.

Thos. Walker mid-year downturn

Taxable profits of Thomas Walker fell by nearly £30,000 from £96,724 to £66,814 for the half year ended December 31, 1979, on turnover down slightly at £869,491 against £902,013.

Net profit emerged ahead, however, at £53,294, compared with £46,704, after tax lower at £13,520 (£50,020), giving earnings per 5p share of 0.888p (0.778p).

The interim dividend is maintained at 0.1675p net—last year's final payment was 0.764p paid from profits of £231,637 (£180,023).

Walker manufactures metal smallwares for the clothing industry.

Better fourth quarter for AMC

FOURTH QUARTER results of Amalgamated Metal Corporation for the year to December 31, 1979, should show an improvement over the corresponding period in the previous year, say the directors.

Total taxable profits for 1978 were £8.53m, but the midway surplus last year was down at £3.87m compared with £5.79m.

First half losses in metal trading have been reduced, say the directors, with favourable trading on the London Metal Exchange and an improvement in scrap business. But the performance of the physical trading division remains unsatisfactory.

Higher concentrate supplies allowed increased throughput at Datuk Keramat Smelting in Malaysia and, with rising tin prices and profits from the sale of tantalum bearing slags, the final quarter will show an improvement.

Although throughput was reduced at Makeri Smelting of Nigeria, higher tin prices could nevertheless mean this company will show good profits.

The industrial division shows mixed results, with improvements in steel trading and processing, titanium, lead and tin alloys. BKS group, surveyors, has been suffering from shortage of work, and results in Brandhurst, which manufactures self-luminous components, are noticeably worse than last year.

AMC is a 76.7 per cent owned subsidiary of Preussag AG of West Germany, and the above details are taken from a narrative report on the results of the parent company's various divisions to be released shortly.

BIDS AND DEALS

Victory as Blue Circle seals Armitage takeover

Blue Circle Industries has finally gained control of Armitage Shanks, Britain's last major independent sanitary ware company for which it made a £30m bid.

But Armitage's largest shareholder, the Lebanese-owned Ceramics Investments BV, has still not decided what to do about its 28 per cent stake, though it seems likely to decide eventually on acceptance.

Blue Circle, a major international cement group, said yesterday that the offer had been declared unconditional, now that it had obtained 61 per cent of the Armitage shares.

It already owned just under 15 per cent, bought just after the offer was made in January, and had received enough acceptances to bring its total up to 45.5 per cent at the end of last week.

Ceramics, represented in London by MEA Investments, still has two weeks under the Takeover Code to decide what to do about its holding. It has previously rejected the bid which it says undervalues Armitage's potential.

But Ceramics, controlled by the Gargour family interests, has also been building up its stake in Armitage during the bid. When this was first made, Ceramics had 21 per cent.

The Department of Trade still has to reveal its attitude to the offer, following a recommendation by the Office of Fair Trading on whether or not it should be referred to the Monopolies Commission.

Suitor for Stanhope Investment

Stanhope General Investment has received an approach which could result in an offer, and shareholders are strongly advised not to sell their shares until they hear further from the chairman.

The investment holding company last said two years ago that it had received an approach, but this came to nothing and it said in April 1978 that talks had ended.

Shares of Stanhope rose 1p yesterday to close at 135p.

'More appropriate' to make offer for Wardle through new company

Mr. Graham Ferguson Lacey's offer for Bernard Wardle, the car upholstery specialist, is being made through Ferguson Investments, previously Watling 35, a month-old company with an issued capital of £5,000 which has never traded.

The offer documents outlining the 33p-a-share cash offer, which were posted to shareholders yesterday, explain that Mr. Ferguson Lacey decided "it would be more appropriate" for the offer to be made through a new company rather than, as previously expected, through Birmingham and Midlands Counties Trust, also owned by Mr. Ferguson Lacey and his partner, Mr. Cecil McBride, which owns 28.4 per cent of Wardle.

The documents further reveal that another 1.5 per cent of Wardle is owned by Hamilborne, a small brick-making company with cash resources of £½m according to its 1978 accounts. Mr. Ferguson Lacey became chairman of Hamilborne following a take-over in 1978 and the company started buying shares in Wardle last April. It is now said to own 276,210 shares bought at an average price of 31p.

Mr. Ferguson Lacey controls 52.6 per cent of Hamilborne through BMCT, having made an offer similar to that now being made for Wardle under which he retained only 51 per cent and placed any acceptances above that level.

Mr. Ferguson Lacey explains that his investment policy is to invest in public and private companies "where good management exists and to assist the development of these companies by the application of our own investment expertise and resources."

As is common with his other interests, which include Rivington Reed, Edinburgh and General Investments, and Arbuthnot Latham (the merchant bank advising him in the bid), Mr. Ferguson Lacey does not intend to get involved in the day-to-day management. The exception to this rule is National Carbonising, the energy company of which he is executive chairman.

Mr. Ferguson Lacey stresses that he supports and will "continue to support" the present policies of Wardle's management.

The most controversial of these is the decision to close the factory at Caernarfon which has aroused opposition both locally and in political circles. Following a meeting recently with Mr. Dafydd Wigley, the local MP, Mr. Ferguson Lacey said that he would review the closure if his bid was successful.

However, a spokesman for him said yesterday that he had given "no commitment" of any kind over the future of the factory, and supported the management's policies.

The documents stress that Mr. Ferguson Lacey's intention is to contribute to Wardle's expansion and development by stimulating growth within the existing business and by seeking out new acquisitions which will reduce its heavy reliance on the motor industry.

The price he is offering represents a 20 per cent gross capital gain over the market price of 27.5p on the day before the offer was first announced late in January.

It is, however, 3½p lower than Mr. Ferguson Lacey's own latest purchase. He bought 354,710 shares on October 9 through BMCT at 36½p. A number of other purchases during the past year were also made at prices above the offer price.

Yesterday the shares closed ½p down at 30½p.

Wardle's board, advised by Warburg, has yet to make its formal reply to the offer. This is now expected some time next week.

CLIFTON INV. SHARE DEALS

Mr. J. C. Green has disposed of his holding of 1.86m shares in Clifton Investments and Osprey Holdings has acquired 2.12m shares. It is understood that Osprey does not intend to make an offer for Clifton.

Mr. T. H. Sheaf has resigned as a Clifton director and Mr. D. F. White and Sir Gerald William Dukes have been appointed to the board.

Lankro moves for market lead

Lankro Chemicals, part of the U.S.-based Diamond Shamrock Europe, has bought another speciality polymer additives business—this time from the Dutch-based Akzo Chemie UK. This is the third acquisition Lankro has made in the field in two months.

Last month Lankro bought a tin stabiliser business from Albright and Wilson and in December it acquired Argus Chemical of Drogenbos in Belgium. It is understood the three purchases together have cost under £10m.

The latest deal, which includes manufacturing equipment and technical expertise for a range of phosphite antioxidant stabilisers, follows Akzo's decision last year to close its production site at Kirkby near Liverpool.

Lankro said yesterday it was expanding its speciality polymer additives operations with a view to becoming a "leading force" in the market. The additives are used in the making of such plastics as polyvinylchloride—PVC—which is in turn used in the production of a wide range of goods including cables, shoes, toys, flooring, car parts and packaging.

WHOLESALE SUPPLY BUYS SPORTS SHOPS

Wholesale Supply (Stoke-on-Trent) has acquired the Pacemaker Sports business from Telefusion.

The assets purchased include a freehold shop in Blackpool and leasehold shops in Leicester, Derby, Nottingham and Shrewsbury, fixtures and fittings, stock and the Pacemaker Sports trading name. Completition took place on February 25, 1980, and the consideration was about £400,000.

Pacemaker Sports will become a division of Wholesale Supply, headed by the company's chairman, Mr. Dennis Harding; with Mr. Neil Hawtin responsible for sales and administration. His brother, Ian, will be responsible for buying. All the existing shop staff are expected to continue in their present employment.

The new division will also include Chapel Sports which was acquired earlier in the year from Hawtin Brothers.

SHARE STAKES

Cedar Investment Trust—London and Manchester Assurance Co. has acquired a further 288,420 ordinary bringing its holding up to 3,273,625 (10.016 per cent).

Bond Street Fabrics—Genco Investments holds 151,500 shares (5.59 per cent).

Forward Technology Industries—Industrial and Commercial Finance Corporation, following sales between January 18 and February 22, is interested in 800,000 shares and Estates Duties Investment Trust is no longer interested in any shares.

Assam Investments—Dillroad on February 20 and 22 bought 30,000 and 130,000 shares respectively increasing holding to 420,000 (9.1943 per cent). Dillroad is wholly-owned subsidiary of McLeod Russel and Co.

Western Dooars Tea Holdings—Lawrie Plantation Holdings has bought 10,000 shares making holding 490,396 (44.67 per cent).

Peachey Property Corporation—Sun Alliance Insurance Group has bought 25,000 shares making holding 1,493,000 (6.99 per cent).

Roche Plant Group—County Bank holds 900,000 shares (19.6 per cent).

Walker and Homer—Interest of Mrs. O. Walker is 231,424 shares (4.04 per cent)—previously 331,424 (5.78 per cent).

Decca—Racal has purchased 400,000 ordinary from a subsidiary of GEC at 600p making its holding 2,165,875 (29.9 per cent).

Countryside Properties—D. W. Anderson is beneficially interested in 305,300 shares.

Warner Holidays—County Bank Smaller Companies Exempt Fund now holds 310,000 ordinary (6.458 per cent) and 125,000 "A" ordinary (3.558 per cent).

MEYER DENIES BID APPROACH

Takeover rumours concerning Montague L. Meyer, the UK's largest timber merchants, were yesterday denied by Mr. M. J. Meyer, the company's chairman.

Speaking in London, Mr. Meyer said he had received no approaches. Nor was he aware of any significant holdings being built up.

DECCA/POLYGRAM

Decca has completed the sale of the bulk of its record and music publishing business to PolyGram and has received a provisional payment of £14,013,000.

However, the formula for the deal is complex and depends both on the music publishing's earnings over the next three years and the final total of bad debts at the hand over date.

If the music business prospers Decca could receive another £6m from PolyGram; if it does badly it may have to pay back as much as £4m of the money it has now received.

The separate deal to sell the remaining music interests to Mrs. Sara Dinenstein have also been completed and the £1m consideration received.

● RAY MAUGHAN SETS SCENE FOR MUIRHEAD AGM

Tyco invests for the medium-term future

WHEN SHAREHOLDERS gather for the Muirhead annual meeting today they may be forgiven for wondering just how a company with such an important position in so many high-technology electrical markets and with years of unbroken growth behind it can have stumbled so badly in 1979.

They might also ask themselves whether a representative from Tyco Laboratories, the aggressive U.S. company which has picked up a 23 per cent stake over the last six months or so, is sitting among their ranks. If shareholders decide to silence their own doubts, it is a fair bet that the assembled brokers' analysts and jobbers will be asking chairman Sir Raymond Brown and his colleagues much the same questions when the formalities are over.

The answers to the first point, however lengthy, are rather more easy to attempt than the second.

Pre-tax profits last year fell from a peak £2.16m to £911,000. The explanations include high interest rates, the revolution in Iran—which wiped out plans to set up a major document facsimile operation in Shiraz—a fire at the important subcontractor for motor shaft winding in Madeira and, in the background, the effect of translating export earnings into appreciating sterling values.

Facsimile communications represent about 45 per cent of Muirhead's sales and profits each year. It is clear that the disappointment in Iran, coupled with an apparent reluctance of the publishing world to place the budgeted level of orders, has badly affected profits from this side.

The result has been a sharp increase in stock and work-in-progress. Year-end inventories in 1979 represented over 60 per cent of turnover, against 47 per cent 12 months earlier and an average of around 40 per cent in the preceding three years. The battle to cut stocks and overdrafts, which have soared from £1.76m to £8.37m, is the most important that Muirhead faces as long as interest rates remain at their current crippling levels.

The group commits between 8 and 10 per cent of its turnover to research and development to stay in line with a very competitive electronics field. At the same time, a current cost adjustment reveals a £425,000 loss before tax and extraordinary items. So it is vital that working capital requirements are slashed significantly. It is perhaps fortunate that the main burden of capital spending is temporarily over—the fixed asset bill is unlikely to top £250,000 this year—and there is still something in the stock relief kitty.

Vactric Components produces a similar proportion of turnover and profits and, on top of the delays caused by the Portuguese loss, Muirhead is facing heavy price competition in many rotary component markets. However, the fourth quarter of the current year should see a full recovery at the Madeira subcontractor, and the engineering strike—which blighted production during the prime selling months of August and September—was, with luck, a non-recurring problem.

Muirhead should gain something from the so-called military hardware boom since some 80 per cent of its components—control or measurement devices for use with either alternating current inputs and direct current applications—are delivered to the main defence and aerospace systems manufacturers.

But demand for rotary products is still down, for the first time in many years, as Third World orders are considerably delayed. The orders being taken are for very much longer delivery dates than before.

The first knock-on effect of this downturn is the proposed closure of the AC motors and encoder plant at Morden. Union negotiations continue but it is hoped to offer jobs at the main Elmers End plant to around 300 of the 380 Morden employees.

The medium term future offers more hope. The interim defence order for 60-second facsimile equipment did not materialise but Siemens has joined the programme and the new enlarged programme should result in substantially higher sales than initially planned.

The Nexos agreement should also be important. An offshoot of the National Enterprise Board, Nexos has joined forces with Muirhead to design, equip and sell the "electronic office," a market which is expected to approach $5bn globally in about five years.

Where does Tyco fit into all this? Amicable contact has been made with Tyco president Mr. Joseph S. Graziano, who has repeated his assurances that the stake is held for investment purposes only.

Yet after a hefty dividend cut by Muirhead from 5.0757p to 4p per share last time, income presumably plays little part in Tyco's portfolio strategy. And, having picked up the first 8 per cent or so of the stake at almost 100p per share over the current market price, the U.S. group is sitting on a marked capital loss.

For what it is worth, the stock market is working on the assumption that Tyco will eventually trade its holding on to a British bidder. It would not be the first time that Tyco has dealt in this fashion.

Muirhead is not unused to these rumours. As Mr. Alan Ashley, finance director, says: "This company has been talked about every other year. When we do well, somebody wants a slice of the action. When we do badly, somebody thinks he can do better."

Unfortunately, there are prizes for guessing wh predator should be int just now.

BANK RETURN

	Wednesday Feb. 27, 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	24,306,050	— 8,074,757
Special Deposits	103,870,000	—
Bankers Deposits	488,706,451	— 90,042,606
Reserves & other Accounts	599,128,524	— 67,931,949
	1,230,564,025	— 160,049,312
ASSETS		
Government Securities	751,727,080	+ 22,030,000
Advances & Other Accounts	271,940,647	+ 72,596,895
Premises Equipment & Other Secs.	178,404,147	— 258,959,575
Notes	28,253,086	+ 4,305,611
Coin	239,025	— 12,243
	1,230,564,065	— 160,049 312
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	9,725,000,000	+ 50,000,000
In Circulation	9,696,746,914	+ 45,694,389
In Banking Department	28,253,086	+ 4,305,611
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,453,886,159	— 577,414,266
Other Securities	2,260,098,741	+ 627,414,266
	9,725,000,000	+ 50,000,000

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
Amro Bank	17 %	Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½%
Banco de Bilbao	17 %	Langris Trust Ltd.	17 %
Bank of Credit & Cmce.	17 %	Lloyds Bank	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	18 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Standard Chartered	17 %
C. E. Coates	17 %	Trade Dev. Bank	17 %
Consolidated Credits	17 %	Trustee Savings Bank	17 %
Co-operative Bank	*17 %	Twentieth Century Bk.	17 %
Corinthian Secs.	17 %	United Bank of Kuwait	17 %
The Cyprus Popular Bk.	17 %	Whiteaway Laidlaw	17½%
Duncan Lawrie	17 %	Williams & Glyn's	17 %
Eagil Trust	17 %	Wintrust Secs. Ltd.	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

MINING NEWS

Put profits in perspective

BY KENNETH MARSTON, MINING EDITOR

CANADA'S mining companies *continue to tell their tale* of a return to more prosperous times which has followed the recovery in previously depressed metal prices and, in many instances, has been helped by exchange gains arising out of the weakness of the Canadian dollar.

If the metal prices hold at anywhere near current levels, the *companies should* report further impressive earnings for this year. The industry must hope, however, that the politicians will appreciate that it is still recovering *from lean times and is still* not making a high return on capital invested.

A sizeable part of the profits now being earned will be earmarked for further *mineral* development which, bearing in mind the *soaring* cost of new *mines, is barely economic* at the current levels of metal prices.

Any temptation to impose misguided "*windfall*" taxes can only stultify such new development at a time when it is becoming vital both for Canada's future mineral earnings and for the world's metal needs.

Of the latest results, the **Anglo American Corporation** group's **Hudson Bay Mining and Smelting** has lifted its 1979 net profit to C$34m (£13m), or C$3.37 per share, from only C$5.1m in 1978. Apart from the higher mining income, Hudbay's *petroleum* interests enjoyed increased earnings as the decline in Indonesian oil production levels was offset by higher prices and improved production from other areas.

Brunswick Mining and Smelting has made a record C$70.6m, *in 1979, or C$2.06 per* share, against C$25.6m in 1978. This concern, which is 64.7 per cent-owned by **Noranda**, sold forward in the final quarter of last year just over half its expected 1980 silver production at C$21 per ounce. This price is, of course, *lower than the current spot level,* but it is considerably in excess of the 1979 average.

Noranda also holds 43.5 per cent of **Kerr Addison Mines** whose interests span gold, base metals and uranium. In this instance, however, a *more* than doubled operating profit for 1979 has been turned into a loss of C$5.68m as the result of a C$59.5m write-off arising out of the running-down of *mining* operations at its Agnew Lake uranium property which has *suffered* from poor uranium recovery grades.

Caught out in the cold

A FROST of disappointed prospectors may be detected around Anchorage, Alaska. Following advance reports of a study made by three geologists of an area near the Nelchina Glacier in Alaska's Chugach Mountains, more than 200 people converged near Eureka Summit on the Glenn highway in hopes of being able to stake claims. Most of them were stymied by deep snow while others were using helicopters and *light* aeroplanes.

But, according to the AP-Dow *news agency, a minerals* exploration consultant for **BP-Alaska** says that the advance reports of the geological study were based on high-content samples and were not representative of the general findings. Gold, silver, copper and lead are present, but not in significant amounts.

However, the consultant said that "the sampling does not disclose a mineable orebody, but *it does point to a geological* structure that is well worth prospecting." He added that the mineralised zone, 3 km long and 200 metres wide was still impressive.

An analysis of 10 samples taken from the area showed only *one with a significant gold* content, one with significant copper and one with a promising content of lead and silver.

Detour's big gold potential

THE Detour Lake gold deposit in north east Ontario possibly has the potential to be the major gold producer in Canada, according to Mr. Malcolm Tascherau, *president of* **Dome Mines**, the Toronto group engaged on exploration work at the deposit for the owners, **Amoco Canada Petroleum**.

Dome is having talks with the Ontario Government about building access roads to the site, Mr. *Tascherau said.* The company started work at Detour last October and is doing 3,000 feet of diamond drilling and 1,000 feet of tunnelling a month.

Exploration at Detour *is taking place against a background* of confidence at Dome that 1980 *will be another record year,* although, as Mr. Tascherau said, the company expects a moderate decline in gold ore grades this year.

Dome Mines, with **Campbell Red Lake Mines** and **Sigma Mines (Quebec)**, its two subsidiaries, *produced 348,000 ounces* of gold last year. Over the next four years the group plans to *expand gold production at its* Timmins, Ontario, operations by 50 per cent.

GOPENG SHOULD AGAIN DO WELL

Although its Malaysian tin and rubber production is expected to be slightly lower in the current year to September 30, **Gopeng Consolidated** expects another good year. So far, the price of tin has been running at comfortably above the average of £7,244 obtaining in the year to last September.

The chairman, Mr. J. D *Hellings points out in the annual* report, however, that much depends on the proposed releases of U.S. stockpile tin being made in a manner which will not disrupt the metal price.

Mr. Hellings adds that tin dredging operations should *commence towards the end of* this year at the joint venture with the local Syarikat **Permodalan**

Uranium mining banned in British Columbia

CANADA'S west coast *province* of British *Columbia* has banned uranium mining and exploration for seven years because of public fears that it would do *irreversible harm to the* environment.

The province's Premier, Mr. Bill Bennett, said the Government had made the decision, which comes two *days before a* big anti-uranium demonstration planned for the town of Victoria, because of strong popular feeling.

"It is clearly the mood of the people of this province that they are not prepared to live with uranium mining," he told a news conference. British Columbia's *uranium resources* "will be left in the ground until the people are prepared to do otherwise," he said.

Mr. Bennet noted that the *mineral was not needed for local* power output, which comes mostly from hydro-electric projects. He added that companies with rights to uranium mining would not lose them and talks would be held with them.

Saskatchewan and Ontario are the Canadian provinces most involved with uranium. None is produced in British Columbia and only a limited amount of prospecting for the *material there* has been done.

Of the few prospects, the major one is the Blizzard property near Kelowna where **Noreen Energy Resources** was last reported to have discovered 2.1m tonnes of ore grading an average of 5 lb per tonne uranium oxide.

Some 81 miles north of Kamloops, near Birch Island, **Consolidated Rexspar Minerals and Chemicals** (in which **Denison Mines** has a stake of *46.9 per* cent) has outlined some 1.22m tonnes of ore grading 1.55 lb per tonne uranium oxide while in the Hydraulic Lake area the uranium prospects of Tyee *Lake Resources are* optioned to **Placer Development**.

Oakbridge sees a recovery

AUSTRALIA'S Oakbridge coal, tin and industrial group is not *out of the wood yet following its* 1978-79 setback, but earnings are picking up. For the half year to December 31, 1979, they amount to A$ 2.64m (£1.28m) which is an increase of A$ 1.54m over the second half of the year to last June, but below the first half figure *of A$ 2.89m for that year.*

The interim dividend is held at 6 cents (2.9p); the total for the year to last June was 12 cents.

The company says that the outlook for the troubled coal division is much more promising. The average coal price received *will be higher as a result of new* contract shipments which have started to the UK and Taiwan and deliveries which are due to commence in the second half of this year to France.

In addition the sales volume will increase significantly later in 1980 following the start-up of production at the new Clarence colliery in mid-year. Oakbridge shares were 184p yesterday.

COBAR FINDS MORE COPPER

The latest exploratory drilling at **Cobar Mines**, the **BH South** subsidiary operating *in New* South Wales, has revealed encouraging copper mineralisation which, if later proves to be mineable, can be serviced from existing shafts.

One hole south east of the known ore systems encountered *a high grade of 6.1 per cent* copper over a width of 15 metres, 810 metres under the surface.

Two further *intersections* at roughly the same depth but east of the existing workings encountered copper mineralisation of 11.8 and 5.2 per cent, but the widths were much smaller, 0.6 and 1.3 metres respectively.

Cobar Mines is expected soon to come under the control of **Conzinc Riotinto of Australia**. It is one of BH South's assets to be sold to CRA once Western Mining's bid for BH South becomes effective. BH South shares yesterday were unchanged at 225p.

New lead mine for Asarco

ASARCO, one of the major U.S. mineral groups, is to expand its base metals production by spending $77m (£33.6m) to develop the West Fork lead-zinc-silver deposit in south east Missouri.

West Fork contains 15m tons of ore reserves, grading 5.5 per *cent lead, 1.2 per cent zinc and* 0.3 troy ounces of silver a ton, the group said in New York yesterday.

Once it is fully developed the West Fork mine will have an annual capacity of 51,000 tons of lead, 7,500 tons of zinc and 125,000 *ounces of silver in concentrates.*

ROUND-UP

Mitsubishi Metal is to launch a copper exploration venture with **Amax**, the U.S. group, *in* the Pash Pap district of Peru, and a lead-zinc exploration venture with **Mitsubishi Corporation** *in the Hilarion district* of Peru, it was announced in Tokyo yesterday.

* * *

Amalgamated Tin Mines of Nigeria (Holdings) expects that a reduction of capital will become effective on April 11. A capital repayment of 9p a share and a second interim dividend *of 3p a share* for the year to March will be made on or about April 22.

FII path clear for recovery

PRE-TAX profits of **Footwear Industry Investments** were £83,000 for the six months ended November 30, 1979, compared with £460,000, from external sales slightly down at £6.29m against £6.58m.

However, with the closure of loss-making manufacturing *operations of Quality Shoe* Group—amounting to some £300,000 for the half year—the directors are confident of the long-term future, and have announced an unchanged *interim* dividend of 1.54p. Liquidity remains good, they state.

A *second-half* loss of £16,000 in 1978-79 left the full year's profits down from £632,000 to £444,000—dividends totalled 5.04p for the period.

Mr. Sumray, chairman, expects satisfactory results from merchanting, and from manufactur*ing activities in Wales* in the second half of 1979-80. But, he says it will be necessary to offset trading and terminal losses, which cannot yet be quantified, from the factory closures.

The chairman explains that because of these closures, turnover will fall during the next financial year "but profitability should be much higher."

"*I believe that with the* measures we have taken to tighten our base and to concentrate on those activities where we have great strength, the next financial year's results will show significant improvement," he adds.

Six months' tax takes £43,000, against £239,000, leaving a net profit of £40,000 (£221,000). Earnings per 25p share are shown to be 4.5p down at 1p.

The chairman and his wife are waiving most of their dividend entitlement, reducing the cost by £18,295 to £44,091.

● comment

The footwear manufacturing industry is not having an *easy* time. At home, retailers are beginning to feel the economic squeeze at a time when cheap foreign imports still account for slightly less than half of total sales. And exports, too, are tough, mainly because of the *protectionist policies of many* overseas countries. Against this background, FII is closing its *London factories, although this is* primarily blamed on the shortage of skilled labour. What the closures *will* cost is still an unknown quantity and this makes the full-year outcome very difficult to asess. Against this, the factories in Wales are all working to full capacity and on a trading level, last year's second half losses have been trans*formed into first half profits this* time around. However, conditions could get much tougher if retail sales continue to deteriorate. The half-time dividend is uncovered but assuming a maintained final, the shares, at 45p, down 2p, yield 16.6 per cent.

Glasgow Stockholders' optimistic on prospects

Expressing optimism for the future, Mr. Peter Paisley, chairman of **Glasgow Stockholders Trust** forecasts that demand for ordinary shares in the UK must improve as the supply of new issues of Government stock declines and interest rates fall.

He adds in his annual statement that market sentiment in the U.S. seems at last to have changed for the better.

Glasgow has increased its dollar borrowings by some $1.5m *which has been invested mainly* in the American market. Any adverse effect on earnings for the current year is expected to be minimal, says Mr. Paisley, but as and when U.S. interest rates decline, the gearing effect should be felt to the advantage of the *revenue account.*

As known after-tax revenue expanded from £363,837 to £500,344 in the year to December 31, 1979, and the dividend is stepped up from 2.85p to 3.89p with a final of 2.2p. Investments *at the balance sheet date totalled* £17.62m against £16.92m and liquidity had increased by £590,551 (£127,540 decrease).

Net asset value rose from 134.5p to 146.2p despite *a loss of* some 20p per unit arising from *the ending of the dollar premium* and adverse currency fluctuations. The main reason for the good performance, says Mr. Paisley, was the substantial amount invested in the oil industry—at the year end 24.5 per cent of funds were invested in oil.

Berkeley Exploration shares at 82p premium

SHARES of **Berkeley Exploration and Production**, the KCA Inter*national offshoot, went to a heavy* premium when dealings started yesterday under the Stock Exchange's Rule 163(2) for unlisted securities.

Against an offer-for-sale price of 50p, partly paid, the shares opened at 115p and closed at 132p—a premium of 164 per cent.

Jobbers described trading as "hectic in relation to the size of the issue." A total of 3m shares are in the market.

The issue was oversubscribed by 40 times.

The shares of KCA, which has a one-third stake in Berkeley, also rose yesterday—from 69p to 70p. At the time of the offer for sale, Mr. Colin Orr-Ewing, Berkeley's chairman, stressed *that investment* in gas and oil exploration was speculative—the company did not expect to pay a *dividend for at least three years.*

Providence Capitol Life

The first full year's report of **Providence Capitol Life Assurance Company**, *formerly* Slater Walker Insurance, since its acquisition by the U.S. conglomerate Gulf + Western Industries, show that long-term business *funds rose* slightly in the 12 months to June 30, 1979, from £56.5m to £57.9m.

Net premium income amounted to £4.68m in the year, against £2.44m in the previous six months, with investment income £7.93m compared with £4.31m. *Claims payments amounted to* £9.04m, with most of this figure coming from annuity payments, pension *contract rebates and* pension capitalisations. Claim payments in the previous six months were £4.34m.

Pre-tax profits totalled £114,000, compared with a loss of £152,000 in the previous six months. Tax took £31,000 this *time. The adverse balance* at the end of the period was slightly reduced to £6.57m.

The accounts reveal that the company paid £20,000 compensation to its former finance director Mr. Gordon Miller.

The report of the company's *unit funds shows* that the Property Fund had by far the best performance during 1979, with a *rise of 27.7 per cent in the unit* price. The fund, which was launched in September, 1978, topped the performance charts for property funds and has now reached the £1m mark with its *latest acquisition.*

The equity fund rose by 4.1 *per cent last year, but the inter*national fund declined by 15.3 per cent. The fixed-interest fund *showed a rise of 4.6 per cent.*

Covent Garden chosen for study

BY JAMES McDONALD

COVENT GARDEN has been chosen as the primary demonstration site in London and the South of England for study in the Council of Europe's Campaign for Urban Renaissance.

Covent Garden was put forward to the council by the *Department of the Environment* as an area of achievement in improving the environment, rehabilitating older areas, providing social and economic opportunities, and the involvement of community participation.

Dr. Mark Patterson, chairman *of the Greater London* Council's Covent Garden Committee, said yesterday that already the area attracts visitors from all parts of he world. "But now that it *has the official blessing of the* Council of Europe we can expect even more.

"This is one of the reasons why we are planning a new visitors' centre directly opposite the market." A report to the committee *recommends that the* basement of the Covent Garden Team offices at 1-4 King Street should be converted into a permanent exhibition and information centre at a cost of £49,500.

A tidy £440

A CHEQUE for £440, raised in one "Keep Britain Tidy" night by Middlesbrough Labour Club, was handed over to Sir Derek Exra, group chairman, in London yesterday.

APPOINTMENTS

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TRAVEL

LEGAL NOTICES

THE AT & T AND ITT AFFAIR

End of a suit—start of a deal

BY GUY DE JONQUIERES

A FURTHER BREACH has been opened in American Telephone and Telegraph's virtual monopoly over the U.S. telephone system by the out of court settlement of the anti-trust case brought against it two and a half years ago by International Telephone and Telegraph.

The settlement, believed to be the largest ever between two U.S. companies, could lead to substantial purchases by AT and T of equipment manufactured at ITT plants in Europe.

AT and T, whose operating companies have hitheto bought the great bulk of their equipment from its Western Electric manufacturing subsidiary, has agreed to purchase up to $2bn of telecommunications equipment from IT over the next 10 years or pay heavy penalties.

AT and T has not committed itself formally to any minimum level of purchases. But it has undertaken to deposit a total of $200m with ITT over the next four years, which would not be refunded for 15 years if no purchases were made.

The equipment in which AT and T is clearly most interested is ITT's System 1240 central exchange. This is a fully electronic digital design which can be built on a modular basis, up to a maximum capacity of 200,000 telephone lines.

The 1240 has been jointly developed by ITT facilities in Europe, which would also manufacture any exchanges ordered by AT and T. Britain is not involved in the project because Standard Telephones and Cables, a British subsidiary of ITT, is already cooperating with the Post Office, GEC and Plessey in the development of the rival System X exchange.

Orders for the System 1240 have already been placed by telephone authorities in Denmark, Italy and Spain. First deliveries are expected towards the end of next year.

Because it was designed originally for Europe, the System 1240 would require a number of technical modifications before it could be used in the U.S. AT and T has agreed to collaborate with ITT on adapting it to American specifications.

Western Electric does not at present manufacture any comparable electronic exchanges, though it is developing one, known as No. 5 ESS. An AT and T spokesman said that the settlement with ITT would not affect work on the project.

Mr. William Ellinghaus, president of the AT and T, said they had chosen to reach a settlement now to avoid "a costly heavy-weight slugging match" which neither side looked forward to.

The move is certain to be closely watched for indications of settlement of some of the 40-odd other private anti-trust cases against AT and T. These have been brought by competitors, mostly smaller than ITT, who have been trying to supply equipment to AT and T operating companies and to offer services inter-connecting with Bell System lines.

News of the ITT settlement has also provoked speculation that AT and T might be trying to demonstrate that it was opening itself up to competition, as part of its defence against the long-running anti-trust suit from the U.S. Justice Department.

Over the past few years, the Bell system has stepped up purchases from outside suppliers, though none has been as large as the potential purchases from ITT. Last year, about $3bn of the $13bn spent by the Bell System on new equipment came from outside suppliers.

At the same time, Western Electric has been seeking to reduce its heavy dependence on the U.S. market by developing more international business. It recently announced its first major order from abroad, from South Korea.

An AT and T spokesman denied, however, that ITT had agreed as part of the settlement to take any steps designed to facilitate Western Electric's international marketing drive.

Optimism at Colt Industries

By John Wicks in Zurich

AN OPTIMISTIC outlook for the coming year was given yesterday by Mr. David Margolis, the chairman of Colt Industries, the firearms and industrial products group.

In the years ahead, the company foresees an improvement in its earnings pace, said Mr. Salvatore Cozzolino, treasurer. By 1984, alterations to the product mix will mean that some 30 per cent of earnings will come from industrial and power equipment, as compared to 33 per cent last year. The steel sector's contribution will simultaneously decline from 25 to 20 per cent.

At the same time, the share of fluid control sytems will have gone up from 21 to 23 per cent, industrial seals and components from 17 to 19 per cent and shock mitigation systems—landing gear—from 3 to 8 per cent.

The company foresees "very substantial" capital expenditure in 1980, said Mr. Margolis, due partly to environmental investments. This should increase from $66m to some $100m or about twice the depreciation sum.

J. Walter Thompson advances

BY DAVID LASCELLES IN NEW YORK

J. WALTER THOMPSON, the largest advertising agency in the U.S. yesterday announced a small income increase for 1979, and said that it would reorganise its operations after its recent series of acquisitions.

Net income of $13.6m or $4.51 a share, rose 2.6 per cent from the $13.3m earned in 1978 or $3.43. Revenue for the year totalled $265.2m, up from $229.7m. In the final quarter JWT moved ahead more sharply to $6.4m or $2.10 a share, compared to $5.5m or $1.85.

Under the reorganisation plan, a new holding company to be called JWT Group will head the organisation. The largest component of the group will be the J. Walter Thompson advertising agency. Other subsidiaries will be Hill and Knowlton, the public relations agency recently acquired by JWT for $28m, Euro-Advertising Holding, a majority-owned group of six Europe-based advertising agencies, Lord Geller, Federico, Einstein, a New York-based advertising agency, and World Wide Agency, a Los Angeles recruitment advertising agency.

JWT bought its Euro-advertising holding interest in January, and World-Wide Agency last September.

Under the terms of the reorganisation, J. Walter Thompson shareholders will get one and a half JWT shares per share, equivalent to three-for-two stock split.

Good first quarter for Esmark

BY OUR FINANCIAL STAFF

ESMARK, the Chicago-based diversified holding company has opened its current fiscal year firmly with net earnings rising 23.8 per cent to $21.36m on sales up 7 per cent at $1.65bn. Net earnings in last year's first quarter were $17.26m on sales of $1.54bn. Earnings per share advanced from 81 cents, to 93 cents.

The group expects earnings to continue to improve during fiscal 1980, although not at the same rate as in the first quarter.

Esmark earned $92.4m or $4.40 a share on revenues of $6.74bn in the year ended October 27 last, compared with $80.1m or $3.81 a share on revenues of $5.83bn in the previous year.

Mr. Donald P. Kelly, president and chief executive officer, said much of the year's performance would depend on the Vickers Energy offshoot which has interests in petroleum exploration, production, refining and marketing.

Mr. Kelly said Government action on the windfall profits tax could cloud the energy outlook, but even in the worse case there would be no deterioration in the group's earnings.

Record year for George Weston

By Our Toronto Correspondent

HEALTHY GROWTH in forest products and food distribution has brought record sales and profits for George Weston, main holding company for the Weston family's grocery, retailing, packaging and industrial interests. 1979 were $67.5m or $6.01 a share, compared with $57.3m.

Net operating earnings for 1979 totalled C$65.9m, or C$5.06 a share, compared with C$50.62m or C$24.06 a share in 1978. Sales were 12 per cent higher at C$5.87bn, reflecting increases in each of the company's four operating divisions.

Sales in the forest products division increased to C$336.8m from C$265.1m, as a result of improved prices for fine and speciality paper products and continued strength in the pulp and lumber markets. The outlook remains positive for the current year with capacity in the industry still lagging behind demand.

The food distribution division's operating income expanded to C$71.8m from C$59.6m. But food processing operations were severely affected by inflation and reflected only modest growth in earnings.

The fisheries division also experienced a difficult year heavy increases in the cost of raw materials.

Sohio dividend hike

Standard Oil of Ohio (Sohio), which is 53 per cent owned by British Petroleum, has announced a two-for-one stock split and an increase in the quarterly dividend from 50 cents on current shares to 70 cents. In January, Sohio declared a 50 cents quarterly dividend, which was a 10 per cent increase over the previous quarterly payment, itself a 10-cent boost.

Libra Bank gain

Libra Bank, the international merchant bank specialising in Latin America, reported pretax earnings for 1979 32 per cent higher at £10.2m ($23.4m). Mr. Thomas F. Gaffney, managing director, welcomed the recent trend away from the equalisation of loan margins for all borrowers.

U.S. QUARTERLIES

ALASKA INTERSTATE	1979	1978
Fourth quarter	$	$
Revenue	79.2m	59.9m
Net profits	8.12m	1.09m
Net per share	1.57	0.22
Year		
Revenue	288.1m	216.9m
Net profits	13.14m	7.8m
Net per share	2.62	1.60

CHAMPION SPARK PLUG	1979	1978
Fourth quarter	$	$
Revenue	188.6m	180m
Net profits	14.1m	9.9m
Net per share	0.37	0.26
Year		
Revenue	806.5m	692.6m
Net profits	56.9m	55.3m
Net per share	1.49	1.45

DENTSPLY INTERNATIONAL	1979	1978
Fourth quarter	$	$
Revenue	62.8m	59.6m
Net profits	3.64m	2.52m
Net per share	0.81	0.56
Year		
Revenue	235.8m	211.7m
Net profits	9.12m	5.92m
Net per share	2.02	1.31

FLEETWOOD ENTERPRISES	1980	1979
Third quarter	$	$
Revenue	91.5m	162.9m
Net profits	†4.19m	3.76m
Net per share	†0.37	0.33
Nine months		
Revenue	371.2m	617m
Net profits	†2.59m	18.45m
Net per share	†0.23	1.62
†Loss		

FLEMING COMPANIES	1979	1978
Fourth quarter	$	$
Revenue	627.3m	555.2m
Net profits	5.3m	4.48m
Net per share	0.84	0.71
Year		
Revenue	2.51bn	2.21bn
Net profits	16.4m	13.9m
Net per share	2.60	2.22

GK TECHNOLOGIES	1979	1978
Fourth quarter	$	$
Revenue	294m	245.5m
Net profits	4.54m	†2.18m
Net per share	0.39	†0.19
Year		
Revenue	1.14bn	848m
Net profits	54.47m	22.09m
Net per share	4.75	1.63
†Loss		

HUDSON BAY MINING & SMELTING	1979	1978
Fourth quarter	C$	C
Revenue	142.1m	95.5m
Net profits	9.07m	1.41m
Net per share	0.90	0.14
Year		
Revenue	628.5m	458.7m
Net profits	30.79m	5.09m
Net per share	3.06	0.50

MARLEY	1980	1979
First quarter	$	$
Revenue	71.9m	54.7m
Net profits	4.86m	1.85m
Net per share	0.95	0.36

REXNORD	1980	1979
First quarter	$	$
Revenue	249.5m	224.7m
Net profits	9.81m	12.32m
Net per share	0.48	0.59

SYNTEX	1980	1979
Second quarter	$	$
Revenue	141.1m	115.7m
Net profits	19.39m	16.33m
Net per share	1.10	0.97
Six months		
Revenue	275.6m	227.3m
Net profits	35.34m	34.61m
Net per share	2.07	2.06

USLIFE	1979	1978
Fourth quarter	$	$
Revenue	205.9m	186.5m
Net profits	25.6m	21.7m
Net per share	1.11	0.79
Year		
Revenue	772.0m	620.0m
Net profits	89.2m	75.5m
Net per share	3.91	3.36

Massey-Ferguson meets operating income target

BY ROBERT GIBBENS IN MONTREAL

MASSEY-FERGUSON, the farm and industrial equipment producer controlled by the Conrad Black interests of Toronto through Hollinger Argus Corporation, reports operating net income of U.S.$18.7m in the first quarter against U.S.$6.6m a year earlier.

After a net foreign exchange loss of U.S.$31.3m, against a gain of U.S.$16.9m previously, consolidated net loss was U.S.$12.6m or 80 cents a share against a profit of U.S.$23.5m or U.S.$1.17 a year earlier.

Exchange losses were due to continued strength in sterling, the company said, and a 30 per cent devaluation in the Brazilian Cruzeiro, but were largely unrealised and may be reversed if sterling weakens later in the year.

Sales in the latest quarter were U.S.$711m against U.S.$568m or a gain of about 25 per cent. Farm and industrial equipment sales were U.S.$586m, up 25 per cent, and diesel engines U.S.$125m, up 28 per cent. On a geographical basis, North American sales were U.S.$270m, up 35 per cent, Europe U.S.$254m, up 28 per cent, Latin America U.S.$105m, up 29 per cent, and Asia, Africa and Australasia, U.S.$82m, down 6 per cent.

The results are broadly in line with forecasts made by Mr. Black and by Mr. Victor Rice, president, within the past two weeks. Massey has been at pains to stress improvements in its operating income, separating out the losses and gains on exchange in its worldwide business.

The company has also said that further reductions in manning are due and also further plant rationalisation.

Some elements of the proposed financing are expected to go ahead later this year, Mr. Black told this week's meeting of Argus Corporation. A very large preferred issue was planned in the first half of this year, to reduce debt load but the cost of such an issue has climbed dramatically with the record cost of money in North America.

EUROBONDS

$200m FRN issue for ENEL

BY OUR EUROMARKETS STAFF

THE ITALIAN state electric utility ENEL plans a $200m, seven-year floating rate note issue under the lead management of Société Générale.

Indicated terms provide for a coupon of one quarter point above the six month Libor with a minimum of 5¼ and issue price of par. There will also be an option to convert the bonds into a fixed rate ten per cent issue maturing in 1995 on which interest will be paid semi-annually.

On the secondary market FRN's were little changed yesbonds showed gains of about ½ points on average. hTis followed a strong rally in the New York bond market.

Dealers said that the recovery in the Eurobond market was more of a technical reaction to recent heavy losses than a turnround in basic sentiment. There was some short-covering by professionals but little retail or institutional buying interest was seen.

In continental markets there was once again pronounced weakness in the Swiss franc sector after news of a one point increase in both Lombard and bank rates. Foreign bonds shed about ½ points on average as the market sought to find a new level.

Dealers said that in present conditions it has become very difficult to set appropriate rates for new issues. Yesterday terms were changed for another new bond as Swiss Bank Corporation announced it was raising the coupon on Oesterreichische Kontrollbank's SwFr 100m ten-year issue to 6 per cent from 5¼ per cent. The issue price has been left at par.

By contrast Deutschemark foreign bonds were little changed overall, despite the increases in the bank and Lombard rate to 7 and 8½ per cent respectively. The market had anticipated these increases and there was a marked lack of price movement after the news.

Deutsche Bank announced a DM 80m, 10-year issue for the City of Oslo which will have an average life of 6½ years.

The coupon is 8¾ per cent and the issue price has been fixed at 99¾ per cent. This is somewhat unusual for a foreign bond issue, but a firm issue price should make the bonds more attractive to domestic investors for whom the borrower is a well...

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on February 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	77¼	77¾	+0¼	−0¾	14.53
Alex Howden XW 9½ 91	30	†70	72	0	−3	14.95
Aquitaine Can. 11¼ 85	30	*†88	88¾	+0⅛	−0⅜	14.73
Australian Res. 9⅝ 84	30	83⅞	84⅜	+0½	−1	14.70
Avco O/S Cap. 10⅛ 87	40	73½	75	−0⅜	−1	16.60
Beneficial Fin. 9⅝ 87	100	78⅛	78⅝	+0⅛	−0⅞	14.71
CECA Grad. Rate 12 86	100	87⅞	88½	0	−1⅞	14.86
CECA 11⅜ 90	50	81½	82	+0⅜	−3⅜	15.31
Canadian Pacific 9¾ 89	50	78¼	78¾	+0¼	+0½	14.51
Carter Hawley 9¾ 86	50	78¾	79¼	+0¼	−0⅜	15.08
Comalco Inv. E. 10⅛ 91	40	76⅞	77¼	+0¼	−1⅛	14.43
Continental Grp. 9⅝ 86	100	78¾	78¾	+0⅛	0	14.94
Dome Petroleum 10 94	50	69	69½	+0¼	+0⅛	15.40
Dominion Bridge 10⅛ 84	30	86⅜	86⅞	+0⅜	+0⅜	14.61
EIB 11¾ 92	80	81⅛	81⅝	+0⅝	−1⅞	15.21
EIB 10⅛ 87	100	†83½	84	0	−1	14.28
EIB 10.15 99	100	†73¾	74½	0	0	14.61
Exportfin 11¼ 87	50	85½	86	+0⅜	−0⅜	14.66
Export Dv. Cpn. 9½ 84	100	84⅜	84⅝	+0⅛	−1	14.88
Export Dv. Cpn. 9¾ 84	150	84½	85	−0¼	−0⅝	14.54
Finland 9⅝ 89	100	74	76	−0½	−4⅜	15.14
GTE Finance 9¾ 89	55	75½	76	+0⅜	−0⅜	14.64
GMAC 9¼ 86	100	78⅞	79⅜	+0¼	+0⅛	14.49
GMAC O/S Fin. 11 84	100	88⅞	89⅜	+0⅜	+0⅛	14.25
Gould Int. Fin. 9¾ 85	50	83⅜	83⅞	0	0	14.58
ITT Antilles 9½ 89	75	74⅛	74⅜	0	−0⅜	14.72
Kennecott Int. 9½ 86	100	75¾	76¼	+0⅜	−0⅛	15.81
Manitoba 9½ 89	75	76	76½	0	−0⅜	14.34
Michelin 10 94	125	71¾	72¼	+0⅛	−1⅛	14.76
Nat. Des. Telecm. 9½ 86	100	80⅜	80⅞	0	−1⅛	14.34
New Brunswick 9¾ 94	75	71⅜	71⅞	+0½	−0⅜	14.62
Newfoundland 10 94	50	69¼	69¾	+0¼	−0¼	15.39
Norges Komm. 9⅞ 99	100	70	72	+0¼	−4¼	14.84
Norway 9½ 84	150	84½	85	+0⅜	−1⅛	14.60
Nova Scotia Pwr. 9¾ 89	50	75¼	75¾	+0⅛	+0¼	14.76
Occidental Fin. 10⅛ 84	50	85	85½	+1⅛	−0½	15.16
Orient Leasing 9½ 86	25	79⅛	79⅝	−0¼	−2¼	14.64
Pennwalt O/S F. 9¾ 84	25	83⅛	83⅝	+0⅛	0	15.25
Pepsico Cap. 9⅝ 84	100	85	85½	+0⅛	−0⅜	14.34
Quebec Hydro 10 99	75	66⅝	67⅛	+0⅜	0	15.41
Sears Roebuck 9 82	150	89⅞	90⅜	+0⅜	−0⅛	15.17
Statoil 9⅞ 89	100	76⅛	76⅝	+0⅛	−0⅜	14.31
Sweden 9⅜ 89	100	76¾	77¼	+0½	0	14.40
Sweden 9½ 86	200	79¾	80½	−0⅛	−2⅜	15.02
Sweden 9⅜ 84	100	84⅞	85⅜	−0¼	−0⅞	14.49
Unilever NV 9¼ 87	100	77⅛	77⅝	+0½	+0⅛	14.39
Warner-Lambert 9 84	100	83½	84	+0¼	−0⅛	14.23

Average price changes... On day +0¼ on week −0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	95¾	96¼	0	−0½	8.77
Asian Dev. Bk. 7¾ 89	100	86½	87¼	−0⅛	−1⅛	9.40
Barclays O'seas 6¾ 89	100	†83½	84½	0	−3	9.42
BFCE 7¾ 87	100	†92¾	93¼	+0⅛	−3½	9.16
BFCE 8⅛ 95	100	91⅜	91⅞	+0⅜	−2¼	9.19
Brazil 8 87	150	89½	90½	−0⅛	−3½	9.85
CECA 7 91	150	86⅝	87½	+0⅛	−1⅞	8.86
Council of Eur. 7¾ 89	100	88⅞	89⅜	+0⅜	−1⅛	9.01
Denmark 7⅞ 86	100	†92¼	93¼	+0⅛	−1⅞	9.53
Denmark 8¼ 92	100	93½	94	+0½	−3⅜	9.13
EEC 7⅞ 94	225	90⅞	91⅜	−0⅜	−1⅛	8.96
EIB 7½ 89	200	89⅝	90⅜	−0¼	−3⅜	9.14
Finland Rep. of 8 86	150	93½	94¼	0	−2⅞	9.24
Kobe, City of 7¾ 89	150	84⅞	85⅜	+0⅛	−4⅛	9.53
Neder. Gasunie 8 86	100	†97½	98	−0⅜	−1⅞	8.44
New Zealand 7⅛ 87	200	89⅜	90⅛	0	−1⅛	9.04
Nippon Tel. & T. 5½ 87	100	80¾	81	−0⅛	−2⅜	9.43
Norges Komm. 7¾ 91	150	†90	91	+0½	−1	9.12
Norway 6¾ 84	200	†90	91	+0¼	−0⅜	9.13
Norway 7½ 85	250	93⅛	94½	+0½	−2⅞	9.13
OKB 6 87	40	*†85	86	−1½	−1	8.89
OKB 7⅛ 89	100	87½	88½	−2	−3½	9.31
World Bank 7¾ 91	400	88½	89⅛	−0⅛	−3½	9.37
World Bank 7⅞ 90	250	91	91¾	0	−0⅞	9.24

Average price changes .. On day 0 on week −2¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	88	88½	−1½	−6	7.27
Aumar 5 89	60	87¼	88	−0⅜	−5⅛	6.83
Australia 3⅜ 89	250	84½	85	−0⅜	−3¼	5.83
Bergen, City of 4¼ 91	40	86	86½	−0¼	−5⅜	6.49
BNDE 6 89	75	80¼	81	+0⅛	−3⅜	7.96
BMW Overseas 4¾ 91	100	84¼	85	−2⅝	−5⅛	6.10
Caisse Nat. Tele. 4⅛ 89	100	88⅜	89⅛	+0⅛	−0⅜	5.88
Canada 3⅜ 89	300	84½	85	−0⅛	−4	5.84
Copenhagen 4½ 91	60	84⅞	85⅛	−1⅛	−2⅛	6.35
Council of Eur. 5 89	100	88	88½	−2⅜	−4⅜	6.68
EIB 4½ 91	100	87½	88	−0½	−1	6.02
EIB 4⅝ 94	100	79	79½	−2⅛	−6⅜	6.65
Elet. de France 4⅝ 89	100	88	88½	−1½	−3½	6.04
GZB 4¾ 89	100	82½	82¾	+0⅞	−1⅛	6.76
Hilti 4½ 91	35	88¼	88¾	−0⅜	−3⅜	5.62
Int.-Amer. Dev. 4½ 89	100	82	82¼	−1¼	−7⅜	7.16
Jutland Tele. 5½ 90	60	94¼	94¾	−1½	−4½	6.28
Malaysia 5 89	80	85⅛	86¼	+0⅝	−0⅞	7.05
Nippon Tel. & T. 4¾ 89	100	89	89½	0	−1½	5.73
Nordic Bank 5 89	45	90½	91	−3½	−4½	6.33
Norges Komm. 4½ 91	100	83½	84¼	−0⅛	−2⅞	6.38
OKB 3¾ 91	100	79⅜	79⅞	−0⅜	−2¼	6.37
OKB 4⅝ 91	100	82⅜	82½	−0¼	−2⅜	6.59
Oslo, City of 4½ 91	100	80⅞	81⅛	−0⅜	−4⅜	6.77
Shikoku El. Pwr. 4¾ 89	100	87⅛	88	−1⅜	−6½	6.52
Spain 4 91	100	83	83½	+1⅜	−2⅜	6.13
Steweag 4½ 91	60	88¼	88¾	+0⅜	−1⅜	5.18
Voest-Alpine 4¾ 89	90	85	85½	−2⅞	−5⅞	6.96
World Bank 4⅛ 89	100	90½	91	+0½	−2⅜	5.93
World Bank 4⅞ 89	150	86	86½	+0⅜	−3	6.33
World Bank 4⅝ 91	100	86½	87	−0⅞	−2	6.25

Average price changes... On day −0⅜ on week −3½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.9 83	30	86⅞	86⅞	0	+0⅞	10.27
Australia 6½ 88	20	82	83	0	0	9.70
EIB 7¾ 89	12	87⅞	88⅞	−0⅛	−2	9.70
Finland 5.6 83	10	86	87	0	0	10.17
Finland 6.8 88	10	81½	82½	+0⅛	−1½	10.16

Average price changes... On day 0 on week −0⅞

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10⅛ 86 C$	25	80⅝	81⅛	0	−0¼	15.16
Bell Canada 10⅛ 86 C$	60	84⅞	85⅜	0	−0¼	14.38
Cr. Foncier 10⅛ 84 C$	30	85½	86½	−0⅛	−0¼	14.78
Ex. Dev. Cpn. 10 84 C$	50	87⅛	87⅝	−0¼	−0⅜	14.14
Fst. Can. Inv. 10 84 C$	50	86⅞	87¼	0	−0⅜	14.32
Hudson Bay 10½ 89 C$	60	80⅝	81⅛	−0¼	−1⅛	14.87
Quebec 10⅛ 86 C$	50	81½	82½	−0⅛	+0⅛	14.91
R. Bk. Canada 10 86 C$	40	82⅞	83⅛	0	−2¼	14.28
R. Bk. Canada 10 94 C$	40	73	73½	−0⅛	−1⅛	14.53
Copenhagen 8⅜ 91 EUA	20	92⅛	92⅝	−0⅞	−4½	9.77
M. Bk. Dnmk. 9 91 EUA	25	93⅛	95⅛	−0⅛	−0⅞	9.80
SOFTE 8¾ 89 EUA	40	85¼	85¾	−0½	−1	10.72
Algemene Bk. 8½ 84 Fl	75	92⅜	92⅞	−0⅜	−0⅛	10.33
Ned. Gasunie 8⅝ 84 Fl	50	†94⅜	94⅞	+0⅛	+0⅛	10.32
Ned. Middbk. 8⅜ 84 Fl	75	93⅜	94⅛	+0⅛	+0⅜	10.10
Norway 8¼ 84 Fl	100	92⅞	93⅛	+0¼	0	10.41
Norway 8⅜ 84 Fl	100	92⅛	92⅜	−0½	−0⅜	10.36
Philips Lamps 8⅝ 84 Fl	75	92⅛	92⅝	−0⅞	−2⅛	10.55
Air France 11 84 FFr	120	90⅛	91	−0⅜	−5⅞	13.86
Euratom 9¾ 87 FFr	150	79	80½	−0⅛	−5¾	14.40
Finland 11 84 FFr	80	89¼	90	−0½	−6⅛	14.24
Finland 11½ 89 FFr	70	85¾	86⅞	−0⅞	−7⅝	14.17
Gaz de France 11 84 FFr	150	89¼	90⅜	−0¼	−5⅛	14.01
IBM France 11⅞ 84 FFr	120	92¼	93¼	−0⅜	−3⅜	13.93
Renault 9⅝ 85 FFr	100	82½	83⅛	−1⅛	−4	14.48
Saint-Gobain 9¾ 86 FFr	130	81⅛	82½	−0⅜	−3½	14.28
Solvay et Cie 9¾ 87 FFr	125	79½	80½	+0⅜	−2⅜	14.40
Total Oil 9⅛ 87 FFr	150	78⅞	80⅛	−0⅛	−3⅜	14.15
Citicorp O/S 13½ 90 £	50	92⅛	92⅞	−0⅜	−1⅛	14.99
EIB 11½ 91 £	25	80¼	81	−0⅛	−2⅛	15.15
Finance for Ind. 13 91 £	15	91⅛	91⅞	−1½	−2¼	14.59
Fin. for Ind. 12½ 89 £	30	86⅝	87⅛	−0¼	−1	15.16
Gen. Elec. Co. 12⅞ 89 £	50	88⅞	89½	−0⅛	−1⅛	14.74
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.74
Mitsubishi 7½ 84 KD	10	†95⅛	95⅞	0	0	8.71
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.52
Occidental 8¾ 91 KD	7	†90⅜	90⅞	0	0	9.56
Akzo 9⅛ 87 LuxFr	500	92⅞	93⅞	0	−1⅛	10.53
Euratom 8 87 LuxFr	500	87⅜	88⅜	0	−1⅛	10.45
Euratom 9¾ 88 LuxFr	500	99	100	0	−0⅛	9.83
EIB 9¾ 88 LuxFr	600	99⅛	100⅛	0	−0⅛	9.72
Volvo 9⅜ 87 LuxFr	500	98	99	0	−0⅞	10.02

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅛	98⅛	2/7	15¼	15.45
Banco di Roma Int. 6 87	0¼	98⅞	99⅛	28/4	15¼	15.89
Bank of Ireland 5¼ 89	‡0¼	97	97½	21/5	16½	16.58
Bank of Tokyo 5¼ 89	‡0¼	96⅞	97⅛	25/4	14.56	14.99
Barclays O/S Inv. 5 90	0¼	96⅜	96⅞	13/6	14¼	14.75
Bergen Bk. A/S 6 89	‡0¼	97	97½	29/5	17⅛	17.74
Bque. Indo Suez 5¼ 89	0¼	97½	98	11/7	14.69	15.03
Citicorp O/S F. 6 94	‡0¼	98⅜	99⅛	8/3	14.44	14.60
Citicorp O/S F. 83	§‡0	98⅜	99⅛	23/5	16.06	16.14
Citicorp O/S F. 84	‡0	99⅜	99⅞	30/5	16.94	17.00
Co-operative Bk. 6 86	0¼	97⅜	97⅞	15/5	15.06	15.43
Creditanstalt 5½ 91	§‡0¼	97⅜	98⅜	14/3	14⅞	15.20
CNT 5¼ 86	§0⅛	98⅞	99⅜	16/4	15.19	15.32
GZB 5½ 89	‡0¼	97½	98	1/5	14⅜	14.96
Jugobanka 8 89	0⅞	92½	93½	23/5	16	17.20
Ind. Bank Japan 5⅝ 87	0⅛	97	97½	16/4	14¼	14.65
LTCB Japan 5¼ 88	0⅛	96⅜	97⅛	13/6	14⅛	14.71
LTCB Japan 5½ 89	0¼	96⅛	96⅝	7/6	14.19	14.68
Mfrs. Han. O/S 5¼ 94	‡0⅛	98⅛	98⅝	30/5	17⅛	17.36
Midland Intl. Fin. 5 89	0¼	98½	99	20/6	15	15.19
Nacional Fin. 6¼ 86	0⅛	96⅝	97⅛	25/7	14.89	15.16
Nat. West. 5¼ 94	§0⅛	96⅜	97⅛	11/4	14.94	15.40
Nippon Credit 6½ 86	0⅛	96⅝	97⅛	12/7	14.44	14.90
Nippon Credit 5½ 87	‡0⅛	97⅛	97⅝	6/5	14.89	15.04
Royal Bk. Scot. 5¼ 94	§‡0⅛	97⅞	98⅜	11/4	14⅛	14.90
Soc. C. de Bque. 6½ 87	0⅛	96⅛	96⅝	3/4	13⅛	13.73
Sogenal 5⅛ 89	§0⅛	96⅛	96⅝	13/7	14.44	14.98
Sweden 8¼ 91	‡0⅛	96⅜	98⅜	18/4	14.44	14.96
TVO Pwr. 9 91 (D-lock)	0⅛	96⅞	97⅛	24/5	15.31	15.81
Williams & Glyn 5¼ 91	0¼	97⅛	97⅞	14/3	13	13.32
Bq. E. d'Alg. 4⅝ 89 SF	0⅛	192	92½	18/6	6.69	7.25

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	118	119	+0⅛	−5.06
Ajinomoto 7⅛ 95	2/80	618	90⅞	91⅞	+0⅜	6.01
Alco Int. Fin. 6½ 94	1/80	40	92½	93½	+0⅞	21.45
Asahi Optical 7 94	11/79	805	79⅜	80⅜	−0⅛	4.93
Canon 6⅛ 94	8/79	570	99¼	100¼	−0⅛	3.81
Ciba-Geigy O/S F. 4 94	9/79	675	†87½	88½	0	4.29
Credit Suisse 4⅛ 93	10/79	1325	100	102	−2	−6.01
Daiei Inc. 6½ 94	11/79	1020	89½	90½	−0⅞	23.83
Enserch Fin. 9½ 94	7/80	30.25	111	112¼	+0⅞	7.22
LPC Internatnl. 8 89	9/79	23.33	†122	123	+1⅛	3.44
Meidensha Elec. 7 94	12/79	210	86	87	−0⅜	17.07
Mitsubishi Cp. 6½ 94	10/79	804	115½	116½	−1½	3.82
Nippon Seiko 7⅛ 94	12/79	339	†99	100	0	3.58
Nitto Elec. Ind. 6 94	7/79	735	69	70¼	−0⅛	4.15
Toshiba Cpn. 7⅛ 94	10/79	198	92¼	93¼	+0⅛	2.13
Union Bk. Switz. 5 89	2/80	125	96	100	−0⅛	−4.07
Fujitsu 5 84 DM	7/79	475	90½	95½	0	24.43
Kansai Elec. 4 84 DM	4/79	1234	†82¼	83¼	−0½	51.44
Tokyu Ld. Cp. 4 86 DM	4/79	493	†73	74	0	38.84
Uny Co. 6½ 85 DM	11/79	1071	97⅛	97⅞	−0⅞	30.66

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Tax reform plan upsets bond market in Denmark

BY HILARY BARNES IN COPENHAGEN

DENMARK'S SOCIAL Democratic minority Government is preparing a reform of the taxation of private persons' interest income and expenditure, which it admits may have major repercussions on the bond market. For the Liberal Party, Mr. Uffe Elleman-Jensen, said the reform could create "chaos" in the capital market.

Bond prices on the Copenhagen Stock Exchange fell by a whole point yesterday, an exceptionally sharp reaction, bringing effective interest yields on mortgage bonds to over 19 per cent for the first time (the announcement of the Swiss and West German discount rate increases came after trading was completed).

Since the end of last year, effective interest rates on bonds have risen by about 1.5 per cent. Share prices also fell again yesterday, the index closing 0.4 points down at 77.73. The index has fallen by *11 per cent since the end of 1979.*

The Government is assured of a majority for its taxation proposals of the Socialist People's Party, the Left Socialists and the Radicals.

The present tax deduction against income for interest on debt, including mortgages, will be changed to a deduction against assessed income tax. This means that high tax payers will pay more income tax.

But under the proposals, interest income will be taxed at the full rate of income tax. It is feared that this difference will cause people to realise their assets in the form of bank savings and bonds in order to reduce their mortgage debts. This could have major repercussions on interest rates and prices.

The switch in the tax treatment of interest income and evpenditure will also make it more expensive for home-owners to move house. But when the Housing Minister, Mr. Erling Olsen, who was not a party to the agreement with the Left-wing parties, said he presumed the Government was not reintroducing the feudal system's interdiction on moving, he was called to order by Prime Minister Anker Joergensen for his "outrageous" comment.

The proposals will refer only to private debt and not to business debt, a distinction which is not necessary under current rules. The reform will be introduced over a 10-year transitional period.

The Industry Ministry is preparing to abolish securities as physical, paper entities, and turn them into entries on magnetic tape in a computerised securities centre. A Bill setting up the centre will receive its first reading in March. The first computer-only bonds could be issued within three years, but a much longer period will be required for the computerisation of circulating bonds and shares. The system is a rationalisation measure, and does not have any implications for taxation of interest. There is no coupon tax on Danish bonds.

Argentine link for Fiat and Peugeot

By Rupert Cornwell in Rome

FIAT OF Italy and Peugeot-Citroen of France have signed a protocol agreement to merge their car operations in Argentina. The combined turnover of the two groups in that country amounts to about $600m.

Fiat and Peugeot-Citroen plan to set up an equally-owned joint company to embrace their manufacturing and sales operations in Argentina. The agreement will be submitted to the Argentine Government for formal approval.

Full details of the merger will be worked out shortly, but the operation is aimed at rationalising production, particularly in the components field, as well as streamlining production at their existing plants.

Last year, Peugeot produced 26,000 cars in Argentina and Fiat 42,000. The combined output of 68,000 units represents 35 per cent of the local market, 13 per cent in the hands of the French company with a 22 per cent slice for Fiat.

Under the proposed arrangements, the two companies plan to unify their sales strategy, but the respective marques will be kept separate. In a move to dampen any possible speculation, Fiat is stressing that the Argentinian deal is absolutely not the forerunner of any such agreement at a European level. Nonetheless, last night's announcement could pave the way for similar deals covering other Latin American countries.

In Argentina, the immediate aim is to increase the competitiveness of the two groups

Petrol price increases last year boost Aral income

BY KEVIN DONE IN FRANKFURT

ARAL, the leading West German petrol retailer, boosted the value of its sales last year by 15.2 per cent to DM 12.12bn, largely as a result of the rapid series of price increases for oil products.

Its sales volume stagnated just below the 1978 level at 10.3bn tonnes. This figure shows a small underlying increase, however, as Aral lost one of its *sales outlets last year through* the sale of the Stinnes/Fanal chain of service stations to British Petroleum. Stinnes/Fanal had previously accounted for about 70,000 tonnes of product sales.

Of Aral's total sales last year, 6.5m tonnes were accounted for by deliveries of petrol and 2.45m tonnes by motor diesel fuel.

The total number of cars in use in the Federal Republic last year rose by 4.6 per cent, but petrol consumption increased more slowly by only 1.3 per cent, chiefly as a result of the very hard winter in 1979 and because of the rapidly rising fuel prices.

Aral, which is jointly owned by Veba, West Germany's largest energy company, Mobil of the U.S., Wintershall and a number of other West German producers, is in the process of restructuring and reducing its network of service stations in West Germany.

Last year the total of retail outlets fell by 251 to 6,300, and by 1983 Aral expects to have reduced the total to only 5,300. As in other parts of Europe, West German oil companies are concentrating their resources on *larger self-service outlets.*

Herr Klaus Marquardt, chief executive of Aral, said yesterday that further petrol price increases in the spring could not be ruled out. Rises in crude oil costs already justified such an increase, which could be of the order of 3 pfennig per litre. The present price of the equivalent of four-star petrol (super) is around DM 1.15 per litre, still one of the lower priced petrols in Western Europe.

Gain at Union Bank of Switzerland

By John Wicks in Zurich

NET PROFITS of Union Bank of Switzerland, one of the country's three largest banks, rose by 16 per cent over the past year to SwFrs 290.3m ($171m) after a fall of 6 per cent in 1978. Interest earnings, including income from the bill *portfolio and money-market* paper, were up 7 per cent and commission income rose by SwFrs 34m. Elsewhere, income from foreign exchange and precious metal trading increased by SwFrs 61.5m for the year.

The bank is to raise a total of some SwFrs 415m in a series of one-for-11 rights issues. Share capital will rise by SwFrs 100m to SwFrs 1.2bn, existing shareholders to be offered 164,800 new bearer shares of SwFrs 500 nominal value and 176,000 registered shares of SwFrs 100 nominal value.

At the same time, participation certificate capital will be increased by the same ratio and at the same price to about SwFrs 45m.

The annual general meeting will also be called upon to authorise the issue of a further SwFr 100m of these non-voting shares. A similar tranche was approved last year, of which SwFr 71.4m has already been issued or reserved for last year's convertible dollar issue of Union Bank of Switzerland (Panama).

With regard to the rights issues, the bank is introducing a new system for the exercise of subscription rights, with holders of shares and participation certificates acquiring a warrant entitling them to the one-for-11 issue between June 1 of this year and December 15, 1981.

These 18-month warrants, which can be traded on stock exchanges, allow stockholders to postpone the use or sale of their subscription rights.

The bank is also to repeat its 1978 offer of a stock dividend in the form of participating certificates instead of a cash payment. In 1978, no less than 97 per cent of the dividend distributed took this form. A similar success this year would raise capital funds to SwFr 220m, according to Dr. Nikolaus Senn, general manager.

The cash dividend to be recommended at the AGM is an unchanged SwFr 100 per bearer share, SwFr 20 per registered share and Sw.Fr 4 per participation certificate. The stock dividend would be of one participation certificate for each bearer share, five registered shares or 25 participation certificates held.

Earnings rise at Privatbanken

BY OUR COPENHAGEN CORRESPONDENT

PRIVATBANKEN, the third largest Danish commercial bank, has proposed an increase in the dividend from 13 per cent to 15 per cent after announcing an in-*crease in group net profits* from DKr 200m to DKr 226m ($41m) for 1979.

Earnings after depreciation were down from DKr 220m to DKr 114m, but after a DKr 188m adjustment for book value of securities, pre-tax profits were up *DKr 296m to DKr 302m.*

Total assets increased from DKr 25.1bn to DKr 31.1bn ($5.7bn). The group total advances rose by DKr 3.7bn to DKr 14.3bn, or by 36 per cent. Domestic lending rose by about 12 per cent to DKr 8.9bn, while lending by Privatbank International in Luxembourg rose by 42 per cent to DKr 3.3bn and lending by the bank's branches in New York and the Cayman Islands, both of which opened last year, rose to DKr 240m. Lending by United International Bank, of London, which was acquired by Privatbanken last year, increased by 29 per cent to DKr 115bn.

The bank offered to sell DKr 10m in shares to employees at DKr 80, compared with a nominal value of DKr 100 and market value of DKr 110. The shares will be taken from the bank's own portfolio.

ASEA raises its reserves

BY VICTOR KAYFETZ IN STOCKHOLM

ASEA, THE Swedish heavy electrical engineering group, predicts in its annual report that year-end 1979 order stocks totalling SKr 18.15bn ($4.32bn), up 21 per cent on the close of 1978, will allow higher capacity utilisation and result in a better operating profit in 1980 than last year.

But ASEA is revising its 1979 operating profit downward from SKr 457m, the figure published three weeks ago, to SKr 437m. It explains that during the intervening period, the board decided to increase by SKr 20m *the group's reserves.*

The board's action also reduces ASEA's pre-tax profit from the SKr359m reported earlier to SKr 339m ($81m) for 1979, compared with SKr 325m *the preceding year.* As stated previously, the proposed dividend is SKr 6 per share, up from SKr 5, costing SKr 118m.

During 1979, the group's order inflow increased by 39 per cent to SKr 13.87bn, most of this consisting of one large order last May in Brazil for a 900 km-long high-voltage transmission system from the Itaipu Hydro power station to Sao Paulo.

Other 1979 orders in this sector included transformer *stations in the Soviet Union and* China. Major deliveries included a nuclear power station at Olkiluoto, Finland, built by ASEA-ATOM in which the Swedish Government has a half share. Otherwise, ASEA comments that the international nuclear power market remains "insignificant," and provided only 3.5 per cent of the group's 1979 order bookings.

ASEA's most lucrative sector, with 25 per cent of sales but about half of operating profit, was finished electric products such as cables, electronic components and household appliances. The transport equipment sector moved into the red, despite major deliveries to railways in *the U.S., Australia and Sweden,* and an order backlog of SKr 1.73bn at year-end, twice 1979 sales.

Rise in German oil profits fuels criticism

BY OUR FRANKFURT CORRESPONDENT

WEST GERMAN oil companies made after-tax profits last year of DM 1.1bn ($625m) on their combined domestic oil business, principally refining and marketing.

The profit figures made in Europe's largest oil market—volume sales totalled 135.9m tonnes last year—have been released through Cologne University's Energy Economics Institute. The institute itself was not able to check the figures independently and had to rely solely on aggregated figures provided by the oil com-*panies to the West German* Federal Economics Ministry.

Oil companies in the Federal Republic, which are dominated by the subsidiaries of the international majors, such as British Petroleum, Shell and Exxon, have been coming under increasing attack for the series of oil product price rises introduced in recent months.

Politicians, particularly from *the left-wing of the ruling* Social Democratic Party (SPD), have been calling for more information to be revealed in oil industry profits.

The oil companies' first response has come through this release of aggregated profit figures for the industry for 1979. These show that the industry made an average after-tax profit last year of DM 8.00 ($4.54) per tonne of oil products, a total after-tax profit of DM 1.1bn.

The Energy Economics Institute says that oil companies *operating in West Germany* were able to improve substantially the profitability of their oil business last year, although the picture varies greatly from company to company. (Of individual group results released so far, Deutsche BP has announced a jump in after-tax profits to DM 198m compared with only DM 23m in 1978. Esso AG showed an increase *from DM 253m in 1978 to* DM 400m last year.)

The performances of individual companies varied from after-tax losses of DM 19.00 per tonne to profits of DM 36.00 per tonne, compared with the average for the industry of DM 8.00 per tonne.

Oil business profitability showed a marked decline in the last quarter of the year as companies were forced to buy an increasing share of their supplies on the spot market.

During the first three quarters of 1979, German oil companies showed respective pre-tax operating profits of DM 29.00, DM 22.00 and DM 19.00 per tonne. In the final quarter of the year this fell to an operating *loss of DM 5.00 per tonne,* similar to the average losses throughout 1978.

This first release of information was given a qualified welcome by the SPD, but it is thought unlikely that it will do much to help the oil industry's general public credibility.

The figures refer only to the industry's domestic oil refining and marketing activities in West Germany and as a result pay no attention to their lucrative natural gas and oil production activities or to their chemical interests.

Equally they take no account of the large increase in the consolidated profits of their parent oil companies, which in the U.S. has led to the imminent introduction of a windfall *profits tax.*

In West Germany the oil companies' greater profitability is expected to lead later this year to demands from individual state (Land) governments for an increase in the 17 per cent royalty levied on domestic natural gas and crude oil production. Output last year totalled 4.8m tonnes of crude and 20bn cubic metres of gas.

NMB stays on growth path

By Charles Batchelor in Amsterdam

NEDERLANDSCHE Middenstandsbank (NMB) raised both profits and business volume *strongly in 1979. The fourth* largest Dutch bank experienced some slowdown in its rate of growth, but less than the other two banks which reported recently, Amsterdam-Rotterdam Bank (Amro) and Pierson, Heldring en Pierson.

Net profit rose 25 per cent to Fl 157m ($81m) compared with the 28 per cent rise in 1978. It proposes raising its final dividend by Fl 1 to Fl 8.50 in cash, bringing the total for the year to Fl 13.50 per Fl 50 nominal share from Fl 12 last time.

Profit per share rose 22 per *cent to Fl 33.90 from Fl 27.76* last year, adjusted for changes in outstanding capital.

Dyno asks for more gas

BY FAY GJESTER IN OSLO

DYNO INDUSTRIER, the Norwegian producer of plastics, chemicals, and explosives, wants to double its purchases of gas from Norway's Ekofisk field so that it can expand capacity at a new methanol plant in Holland in which it is a partner.

The plant, at Delft, came on stream in 1978, and is already showing a good profit. This is because of recent steep increases in methanol prices, which doubled during 1979 to reach $200 per tonne at the end of the year.

The plant is particularly competitive because it uses gas, rather than costly naphtha, as its feedstock.

Dyno has applied to the Norwegian Oil and Energy Ministry for permission to buy an additional 385m cu metres per year of the state's royalty gas from Ekofisk. It says that, if it gets the green light soon, it can reach a definite decision on the project by end-1980.

The Oil Ministry says, however, that Dyno will have to wait for several months for a reply, since other companies have also sought a share of the state's royalty gas. The various applications will have to be considered and compared.

Dyno has a 40 per cent stake in the present Delft plant, where its partners are MCN of Holland (55 per cent) and KemaNobel of Sweden (5 per cent). MCN and KemaNobel would also participate in the planned new plant, but the combined stake of the two Scandinavian partners would probably be increased from the present 45 per cent.

Woolworths earnings dip on tighter margins

By Our Sydney Correspondent

WOOLWORTHS, the major Australian retailer, had its first profit downturn for almost a decade with a 3.5 per cent dip to A$33m (U.S.$36.7m) in the year ended January.

Group sales rose 14 per cent from A$1.7bn (U.S.$1.89bn) to A$1.99bn, but pre-tax profit margins fell from 3.15 cents in the dollar to 2.76 cents.

Despite the setback, Woolworths' directors have raised the dividend for the year from 10.5 cents to 12 cents a share.

Nicholas lifts dividend

By Our Sydney Correspondent

NICHOLAS INTERNATIONAL, the Aspro pharmaceutical group, has raised its interim dividend from 3.5 cents to 4 cents a share after a 17 per cent lift in earnings for the December half-year from A$3.35m to A$3.93m (U.S.$4.4m). Sales for the period rose by 5 per cent from A$77.5m to A$81m (U.S.$90m). The directors said that they expected the increased profit rate to be maintained for the remainder of the year.

Exxon front-runner in Rundle oil venture

BY JAMES FORTH IN SYDNEY

THE EXXON oil group of the U.S. is the front-runner to help local interests develop massive oil shale deposits in the Rundle region of central Queensland. If the venture proceeds, it would cost between A$2bn (US$2.2bn) and A$3bn in the first stage to produce between 200,000 and 240,000 barrels a day of kerogen, a substitute for oil.

Further costly equipment to convert the kerogen to a synthetic crude suitable for use as a refinery feedstock for the production of petrol and other refinery products could cost as much as A$10bn.

The Australian companies which control Rundle Southern Pacific Petroleum and Central Pacific Minerals recently called for tenders to help with development of the project. It was announced yesterday that Esso Exploration and Production Australia had been selected to conduct further negotiations with them on the provision of technical and financial information concerning the development of the oil shale project.

Esso Exploration is the company involved with Broken Hill Proprietary in the exploitation of Australia's major oil and gas fields in the Bass Strait, off the Victoria coast, and it appears that Esso plans to use the cash flow generated from the Bass Strait to fund its further moves into energy resources in Australia. Esso Exploration has also been used as the vehicle to join with Western Mining Corporation in the proposed development of the Yeelirrie uranium deposit in Western Australia.

The chairman of both Southern Pacific and Central Pacific, Mr. Ian McFarlane, said that Esso's proposal provided that substantial funds would be avaliable to finance the project.

In addition, Esso would have a maximum interest of 50 per cent and the two Rundle companies would participate in project management, which means the proposal conforms to Australia's foreign investment guidelines.

Mr. McFarlane said that the Rundle companies and Esso planned an immediate start on a major research and engineering programme, leading to the development of the Rundle project.

If Rundle goes ahead it would be the late 1980s before production starts. By then, the proposed output would provide about 25 per cent of Australia's domestic petroleum requirements.

Gain for Commercial Bank

BY OUR SYDNEY CORRESPONDENT

THE Commercial Bank of Australia has raised its interim dividend from 8.5 cents a share to 10 cents following an 8 per cent gain in profit from A$20m (U.S.$22m) in the December half-year. The increase came from the banking division: earnings from the finance company subsidiary, General Credits, slipped from A$57.53m to A$5.68m, although the General Credits board said the A$5.9m earned in the half-year ended June 1978 was the appropriate profit comparison because a major change in accounting policies affected the result.

Banking profits for the half-year rose by 26.5 per cent from A$10.5m to A$13.35m and profit from other activities rose from A$596,000 to A$1.18m. Total group income rose from A$275m to A$327m.

The higher interim dividend is almost three times covered by earnings of 29.65 cents a share compared with 27.4 cents a year earlier. The directors said that banking operations contributed the major proportion of the increase because of increased volume of business and containment of the rate of increase in operating expenses.

Hooker optimistic after good first half results

BY OUR SYDNEY CORRESPONDENT

HOOKER Corporation, the Australian property, retail and pastoral group, lifted earnings by 15 per cent to A$4.5m (US$5m) for the half year ended last December, and the directors expect this trend to continue for the remainder of the year, despite hesitancy caused by rising interest rates.

The higher result was achieved despite a more conservative policy towards capialisation of interest, which resulted in an additional charge against profit of A$1.6m. Interest capitalised dipped from A$4.15m to A$2.8m.

The interim dividend has ben maintained at 3.75 cents a share and is covered by earnings of 7.5 cents a share.

Mr. J. K. Campbell, the chairman and chief executive of Hooker, said that prospects looked good, and that the group was moving up after four difficult years. He indicated that Hooker was considering acquiring the remaining capital of Network Finance, of which it currently holds 35 per cent.

Record year for Dunlop Estates

By Wong Sulong in Kuala Lumpur

DUNLOP ESTATES Berhad has had a record year, with after-tax profit for 1979 rising by 20 per cent to 20.5m ringgit (U.S.$9.4m). It is increasing its final dividend to 23 per cent, bringing the total for the year to 33 per cent, compared with 26.7 per cent for 1978.

Pre-tax earnings from palm oil rose substantially from 16m ringgit to 27.7m ringgit, reflecting the rapid recovery from the drought and better prices. Palm oil output rose by 22 per cent, due to increased acreage and higher yields.

Production of rubber was down by 6.5 per cent due to the reduction of acreage, and this depressed earnings from this crop by some 5 per cent, despite much better rubber prices.

The cocoa crop also failed to match 1978's results. Output declined by 12 per cent to 985 tonnes, owing to dry weather conditions, and the prices obtained were also 7 per cent lower.

Dunlop owns 48,400 acres of estates in Malaysia, divided roughly into 28,800 acres of rubber and 19,600 acres of palm oil.

Plant delays hit UAC

By Our Kuala Lumpur Correspondent

DELAY IN commissioning a new plant has adversely affected earnings of UAC Berhad (formerly United Asbestos Cement), and net profits for the six months ended on December 31 fell 34 per cent to 6.3m ringgit (U.S.$3m). Turnover fell marginally to 31.4m ringgit (U.S.$14m).

The new pipe plant, costing 17m ringgit, was originally scheduled to start production in the middle of last year, but output did not begin until a few months later. This upset profit projections and caused some disruption in overall production.

However, UAC is confident that the full results for the current financial year should be as good as last year's, when pre-tax profit rose by 25 per cent to a record 17.5m ringgit.

Toyota SA payout after strong advance in last six months

BY QUENTIN PEEL IN JOHANNESBURG

TOYOTA SOUTH AFRICA, the country's only quoted motor manufacturer, increased its profits last year by more than 50 per cent thanks to increased market penetration and the improvement of the Rand against the yen.

Going against the trend of the rest of the industry, whose 12 manufacturers are estimated to have lost more than R50m ($63m) between them in 1979 on a 4 per cent increase in sales, Toyota turned in an attributable profit increase from R3.06m to R4.68m.

The improved performance was largely attributable to a surge in the second half, according to yesterday's results. While the company paid no dividend in the first half, it declared a 28 cents final, a 40 per cent increase over last year's 20 cents total.

Pre-tax profits rose by 51.7 per cent from R5.01m to R7.61m, and the tax rate fell marginally from 39 per cent to 38.5 per cent. Earnings increased from 75.2 cents a share to 115 cents a share.

Dr. Albert Wessels, the group chairman, said that the results reflected both the growth of the market, and the growth of Toyota's share of that market. The company maintained its dominance of the light commercial vehicle market, raising its share from 23.9 to 27.6 per cent between 1978 and 1979. Passenger car sales averaged more than 8 per cent of the market throughout the second half.

Folex raises profits but debt problems remain

BY OUR KUALA LUMPUR CORRESPONDENT

FOR THE SECOND year running, Folex Industries, one of the biggest Malaysian textile companies, has turned in a profit, but problems are far from over for the company, which is heavily in debt.

Audited results for the year ended August, 1979, show a net profit of 1.8m ringgit (U.S.$826,000), compared with a profit of 850,000 ringgit previously. The profit was made after deft-servicing charges of 3.6m ringgit.

The company is still a long way from erasing its accumulated losses of over 30m ringgit, and its directors have yet to come out with a new scheme for restructuring that will put it on a stronger financial footing and which is acceptable to shareholders and creditors. Last year, the directors' proposal for restructuring the company, involving a cut in the par value of the shares, was rejected by shareholders.

The directors are reported to be currently working on a new reconstruction scheme.

UIC shares valuation

BY GEORGIE LEE IN SINGAPORE

MORGAN GRENFELL Asia, which is advising shareholders of the Singapore-based United Industrial Corporation (UIC) on the current takeover offer, from United Industrial Overseas Holding, has placed an initial valuation of S$5.14 per share on UIC shares.

Morgan said that an initial indication of the value of that portion of the UIC building which is still owned by the UIC group is in the region of S$84m (U.S.$39m), or S$57m in excess of the book value at July 31, 1979.

The initial valuation of S$5.14 per share is significantly higher than the S$4 currently being offered by United Industrial Overseas Holding.

Morgan disclosed that a formal valuation of the shares will be made together with the property valuers appointed by UIC. This valuation will depend "upon a further updated assessment of the company's financial position at the time

One-for-10 scrip issue from Mitsubishi

TOKYO — Mitsubishi Corporation of Japan plans to increase its capital by 10 per cent to Y5.53bn ($22m) through a one-for-10 scrip issue to shareholders at the end of March. The company added that its profit before tax and special items for the current year ending next month will probably total Y40bn on sales of Y11,720bn, compared with Y38.18bn and Y8,840bn last year.

Mitsubishi also said that it plans to issue a special dividend of Y1 per share this year to mark the 25th anniversary of its merger with other Mitsubishi companies.

About 73 per cent of its $60m convertible bond issued in Europe last October had been converted into common shares by the end of last month, Mitsubishi added.
Reuter

DRG beats targets

By Our Johannesburg Correspondent

DRG (SOUTH AFRICA), the 70 per cent-owned subsidiary of the Dickinson Robinson group in Britain, has beaten the earnings and dividends targets set when the company went public last October.

Distributable profit of R4.12m ($5m) for the year ended December 31 compares with the forecast profit of R3.9m, and a final dividend of 11 cents a share has been declared, compared with the forecast of 10 cents.

The company, which produces flexible packaging, plastics and stationery, including Sellotape and high quality papers, raised its sales by 25.6 per cent over the year to a record R71.5m

Sales soar at ETZ Lavud

By L. Daniel in Tel Aviv

ETZ LAVUD, one of Israel's 10 largest companies, has released third-quarter results to December 1979 showing that sales soared by 135 per cent in dollar terms to $34.4m and net earnings rose to $763,000. The rise in sales for the full nine months April to December was 93 per cent to $74.1m. Net earnings came to $2.1m

CURRENCIES, MONEY AND GOLD

Dollar firm

THE DOLLAR maintained its firmer trend in currency markets yesterday as natural demand was sustained throughout most of the day. Trading for much of the time was fairly subdued, as the market digested the latest round of interest rate rises. The increase in the West German discount rate had been widely anticipated and brought little reaction from the market. The Swiss decision to raise their bank rate came more of a surprise but, with only a little hindsight, was seen as inevitable, and once again rates were little changed. Against the D-mark the dollar finished near its best level of the day at DM 1.7630, compared with DM 1.7585 on Wednesday. Similarly against the Swiss franc it closed at SWFr 1.6725 against SwFr 1.6635 previously. Against the Japanese yen it was little moved at Y 248.4 compared with Y 248.30. On Bank of England figures its trade weighted index was unchanged at 86.1.

Sterling remained very steady, and its trade weighted index was 73.1 at all three of the day's calculations, compared with Wednesday's close of 73.2. Against the dollar it opened at $2.2865 and rose quite quickly to a high of $2.2895 before settling back to $2.2860. Trading for the rest of the day took place on or just below this level, and the pound closed at $2.2845-2.2855, a fall of just 25 points.

D-MARK—Very strong, but showing an easier tendency just recently within the European Monetary System—Despite poor trade figures for January the D-marked remained steady, underpinned by yesterday's rise in the discount and lombard rates. The dollar was fixed at DM 1.7581 compared with DM 1.7649 on Wednesday, and there was no intervention at the fixing by the Bundesbank.

FRENCH FRANC — Weaker recently on inflation fears, having been top of the EMS earlier this year—Sterling fell against the franc to be fixed at FFr 9.4350 against FFr 9.4695 on Wednesday, while the U.S. dollar was also easier at FFr 4.1260 against FFr 4.1427½. The Swiss franc continued to show a weaker tendency, being fixed lower at FFr 2.4720 from FFr 2.4770 previously.

DANISH KRONE — Basically weak, suffering devaluations since EMS began last March—The krone was slightly firmer overall, improving against sterling and the U.S. dollar, and inside the EMS, against the Belgian franc, *Italian lira* and Irish punt. On the other hand the D-mark rose to DKr 3.1195 from DKr 3.1180 and the Dutch guilder was fixed higher at DKr 2.8310 from DKr 2.8293.

BELGIAN FRANC—Generally weakest member of the EMS, but resists devaluation—The franc was weaker against its EMS partners, but improved against the dollar and sterling. The pound was fixed lower at BFrs 65.375 against BFrs 65.5, while the dollar eased to BFr 28.605 from BFr 28.6475. On the other hand the D-mark rose to BFr 16.253 from Br16.2317½ and the French franc was stronger at BFr 6.93 compared with BFr 6.915 at Wednesday's fixing.

JAPANESE YEN—Energy problems reflected in sharp decline last year, but steadier until recent weeks when downward pressure has been renewed—The dollar eased back to close at Y248.05 yesterday, compared with Wednesday's close of Y248.725. Dealers described the dollar's slight fall as technical and the U.S. unit retained its firmish undertone. There did not appear to be any intervention in the market by the Bank of Japan.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	39.7897	40.6325	+2.12	+1.53	±1.53
Danish Krone ...	7.72336	7.80371	+1.04	+0.45	±1.64
German D-Mark	2.48208	2.50052	+0.74	+0.15	±1.125
French Franc ...	5.84700	5.86487	+0.31	−0.28	±1.3557
Dutch Guilder ...	2.74362	2.75434	+0.39	−0.20	±1.512
Irish Punt ...	0.668201	0.677124	+1.34	+0.75	±1.668
Italian Lira ...	1157.79	1158.83	+0.09	+0.01	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Feb. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2835-2.2895	2.2845-2.2855	0.47-0.37c pm	2.20	1.05-0.95 pm	1.75
Canada	2.6165-2.6230	2.6175-2.6185	1.05-0.95c pm	4.58	3.30-3.20 pm	4.96
Nethlnd.	4.42-4.45	4.43-4.44	2⅝-1⅝c pm	5.75	6½-5½ pm	5.64
Belgium	65.15-65.55	65.38-65.48	20c pm-20 dis	—	55-45 pm	3.06
Denmark	12.51-12.57	12.55¾-12.56¾	3¼-5¼ore dis	−4.06	6¼-8¼ dis	−2.47
Ireland	1.0850-1.0910	1.0893-1.0903	0.04p pm-0.06dis	−0.11	0.02-0.12dis	−0.26
W. Ger.	4.01-4.04	4.02½-4.03½	3⅝-2⅝pf pm	9.30	9½-8½ pm	8.81
Portugal	109.20-109.80	109.30-109.50	5c pm-45 dis	−2.19	30-130 dis	−2.92
Spain	152.80-153.20	152.85-152.95	5c pm-45 dis	−1.57	55-155 dis	−2.75
Italy	1,861-1,866	1,862-1,863	1½ lire pm-¼ dis	0.16	3-5 dis	−0.86
Norway	11.18½-11.21½	11.17¾-11.18¾	4¾-2¾ore pm	4.02	13¾-11¾ pm	4.56
France	9.42-9.46	9.43¼-9.44¼	4¼-3¼c pm	4.77	10¼-9¼ pm	4.13
Sweden	9.57-9.61	9.58-9.59	3½-1½ore pm	3.13	9¾-7¾ pm	3.65
Japan	565-572	567-568	4.10-3.75y pm	8.30	11.35-10.90pm	7.84
Austria	28.72-28.87	28.75-28.80	25-15gro pm	8.34	72-62 pm	9.31
Switz.	3.80-3.84	3.82-3.83	5-4c pm	14.12	12¾-11¾ pm	72.81

Belgian rate is for convertible francs. Financial franc 67.30-67.40. Six-month forward dollar 1.75-1.65c pm, 12-month 2.70-2.60c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2835-2.2895	2.2845-2.2855	0.47-0.37c pm	2.20	1.05-0.95 pm	1.75
Ireland†	2.0965-2.1045	2.0965-2.0980	0.50-0.40c pm	2.57	1.20-1.10 pm	2.19
Canada	1.1448-1.1470	1.1462-1.1465	0.22-0.17c pm	2.04	0.88-0.84 pm	3.02
Nethlnd.	1.9360-1.9415	1.9367-1.9377	0.70-0.60c pm	4.03	1.95-1.85 pm	3.92
Belgium	28.58-28.64	28.62-28.64	2½-1c pm	0.73	13-10 pm	1.61
Denmark	5.4825-5.4910	5.4885-5.4900	2.25-2.75ore dis	−5.46	5.50-6.00dis	−4.19
W. Ger.	1.7555-1.7650	1.7625-1.7635	1.10-1.00pf pm	7.15	3.20-3.10 pm	7.15
Portugal	47.83-48.00	47.90-48.00	8-18c dis	−3.25	25-55 dis	−3.34
Spain	66.91-67.05	66.91-66.94	10-20c dis	−2.69	45-60 dis	−3.14
Italy	814.50-815.50	814.80-814.95	1.1-1.6 lire dis	−1.99	5-5.75 dis	−2.64
Norway	4.8855-4.9005	4.8855-4.8875	1.30-0.80ore pm	2.58	3.65-3.15 pm	2.78
France	4.1220-4.1300	4.1285-4.1300	0.87-0.77c pm	2.38	2.50-2.40 pm	2.37
Sweden	4.1925-4.1955	4.1930-4.1940	0.75-0.55ore pm	1.86	2.30-2.10 pm	2.10
Japan	247.80-248.50	248.35-248.45	1.35-1.20y pm	6.16	3.90-3.75 pm	6.16
Austria	12.58-12.608	12.591-12.596	7.20-6.60gro pm	6.57	24.00-22.00pm	7.30
Switz.	1.6640-1.6740	1.6720-1.6730	1.70-1.60c pm	11.84	4.60-4.50 pm	10.88

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Feb. 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.571159	0.619605
U.S. $	13	1.30607	1.41642
Canadian $	14	1.49597	1.63001
Austria Sch	5¼	16.5074	17.9035
Belgian F	12	37.4156	40.6334
Danish K	13	7.18339	7.79879
D'Mark	6	2.30508	2.50352
Guilder	9½	2.54287	2.75847
French Fr	9½	5.41072	5.86821
Lira	15	Unavail.	1156.86
Yen	7¼	323.905	351.838
Norwgn. Kr.	9	6.39974	6.94894
Spanish Pts.	8	87.5067	94.9707
Swedish Kr	10	5.48145	5.95178
Swiss Fr	2	2.18571	2.37463

CURRENCY MOVEMENTS

Feb. 28	Bank of England Index	Morgan Guaranty changes %
Sterling	73.1	−22.2
U.S. dollar	86.1	− 7.7
Canadian dollar	82.8	−15.3
Austrian schilling	157.8	+24.6
Belgian franc	115.1	+13.3
Danish kroner	108.3	− 3.2
Deutsche mark	157.6	+45.7
Swiss franc	196.7	+76.1
Guilder	126.2	+20.2
French franc	101.7	−6.0
Lira	55.2	−49.5
Yen	114.1	+13.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

Feb. 28	£	$		£ Note Rates
Argentina Peso	3887-3907	1700-1710	Austria	28.65-28.90
Australia Dollar	2.0775-2.0815	0.9095-0.9100	Belgium	67.25-67.75
Brazil Cruzeiro	102.91-103.91	45.05-45.45	Denmark	12.55-12.60
Finland Markka	8.53¼-8.54½	3.7340-3.7360	France	9.38-9.44
Greek Drachma	88.811-90.909	38.75-38.90	Germany	4.01-4.03½
Hong Kong Dollar	11.28-11.30	4.9400-4.9450	Italy	1860-1935
Iran Rial	n/a	n/a	Japan	567-572
Kuwait Dinar(KD)	0.620-0.630	0.2736-0.2737	Netherlands	4.42-4.44½
Luxembourg Frc.	65.38-65.48	28.62-28.64	Norway	11.17-11.24
Malaysia Dollar	4.9700-4.9800	2.1760-2.1780	Portugal	104½-112
New Zealand Dlr.	2.3445-2.3495	1.0265-1.0275	Spain	150½-158
Saudi Arab. Riyal.	7.62-7.72	3.3600-3.3650	Sweden	9.58-9.63
Singapore Dollar.	4.9380-4.9480	2.1620-2.1640	Switzerland	3.80¾-3.82¾
Sth. African Rand	1.8440-1.8460	0.8070-0.8080	United States	2.283-2.291
U.A.E. Dirham	8.50-8.60	3.7410-3.7440	Yugoslavia	51½-53

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Feb. 28	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.285	4.030	567.5	9.438	3.825	4.435	1863.	2.618	65.43
U.S. Dollar	0.438	1.	1.764	248.4	4.130	1.674	1.941	815.1	1.146	28.63
Deutschemark	0.248	0.567	1.	140.8	2.342	0.949	1.100	462.2	0.650	16.24
Japanese Yen 1,000	1.762	4.026	7.101	1000.	16.63	6.740	7.815	3282.	4.613	115.3
French Franc 10	1.060	2.421	4.270	601.5	10.	4.053	4.699	1974.	2.774	69.33
Swiss Franc	0.261	0.597	1.054	148.4	2.467	1.	1.159	486.9	0.684	17.11
Dutch Guilder	0.225	0.515	0.909	128.0	2.128	0.862	1.	420.0	0.590	14.75
Italian Lira 1,000	0.537	1.227	2.164	304.7	5.067	2.054	2.381	1000.	1.406	35.13
Canadian Dollar	0.382	0.873	1.539	216.8	3.605	1.461	1.694	711.4	1.	24.99
Belgian Franc 100	1.528	3.492	6.159	867.3	14.42	5.846	6.778	2847.	4.001	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.79-15.89 per cent; three-months 16.30-16.40 per cent; six months 16.55-16.65 per cent; one year 16.05-16.15 per cent.

Feb. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17⅜-17⅝	13¾-14	8-9	10½-10¾	1¼-1¾	7⅞-8	12⅝-12⅞	13-15	—	7-8
7 days' notice	17¼-17½	14⅝-14⅞	8-9	11-11¼	1⅜-1⅝	8¼-8⅝	12⅝-12⅞	14-16	14½-14⅝	9-9½
Month	17⅞-18⅛	15⅝-15¾	12⅝-13	11¾-12	3⅞-4⅛	8⅞-8⅞	13⅛-13⅜	17½-18½	14¾-14⅞	9½-9¾
Three months	18⅝-18⅞	16⅝-16⅞	13½-13⅞	12¾-13	5¼-5⅝	9⅛-9⅜	14⅛-14⅜	19-20	16⅛-16⅜	10⅛-10⅜
Six months	18½-18¾	16¾-17	13⅞-14⅛	12⅞-13⅛	5⅞-6	9¼-9⅝	14⅞-15⅛	19¼-20¼	16⅛-16⅜	10⅛-10⅜
One year	17⅞-18⅛	16⅛-16⅝	14¼-14⅝	13-13¼	6-6⅛	9⅜-9½	14⅞-15⅛	21-22	16⅛-16¼	10-10¼

Long-term Eurodollar two years 15¼-15½ per cent; three years 14⅞-15⅛ per cent; four years 14¾-15 per cent; five years 14⅝-14⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-day's notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates firm

Interest rates continued to climb in Europe yesterday, with the Swiss National Bank and the West German Bundesbank both announcing an increase in their discount rates. In Paris call money was firmer, reaching its highest level for over five years.

The Swiss authorities were first off the mark yesterday with a 1 per cent increase in the discount rate to 3 per cent. The lombard rate was also pushed up 1 per cent to 4 per cent. The Swiss franc has been suffering recently on the foreign exchange market, with the general increase in rates, and the Swiss authorities were left with little choice but to restore previous *differentials*.

The rise in the West German discount rate from 6 per cent to 7 per cent and the lombard rate to 8½ per cent from 7 per cent had been widely anticipated, although the Bundesbank left it until yesterday morning before announcing that they would hold a press conference after the meeting of the central council. The Bundesbank is also to increase its rediscount quota by another DM 4bn and remove current limits on banks borrowing under the lombard facility.

In Paris the Bank of France increased its Treasury bill discount rates to bring them more into line with other market rates. One-month bills were increased to 12⅞ per cent from 12⅜ per cent, three-month to 13¼ per cent from 12⅞ per cent and six-month to 13⅜ per cent from 12¾ per cent. In the money market call money rose to 12⅞ per cent from 12½ per cent, a level not seen since November 1974.

In Brussels the shortage of liquidity continued as investors switched into more attractive European currencies. The Central Bank has been forced to support the franc in currency markets, with the authorities depending at the moment on high interest rates to help the franc. At the moment, however, rates do not appear to be sufficiently attractive, and the authorities may have to consider devaluing the Belgian franc, an option they have strongly resisted up until now.

In Amsterdam the Dutch Government's five-year Treasury bill tender attracted Fl 628.4m at a rate of 10 9/16 per cent compared with a rate of 9 per cent at the last tender on January 14. The bills were priced at par and payment day is Monday.

GOLD

Subdued trading

Gold eased just $1 an ounce in the London bullion market yesterday to close at $639-644. Trading was generally quiet and featureless, although the metal moved through a $17 range for the day. It opened at $636-641, which was its low point and was fixed during the morning at $638 before rising at the afternoon fixing to $646. The best level seen was $649.653.

In Paris the 12½ kilo bar was fixed at FFr 86,000 per kilo ($648.29 per ounce) compared with FFr 86,000 ($648.45) in the morning and FFr 85,000 ($638.16) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM36,170 per kilo ($638.0 per ounce) against DM35,685 ($629.00) previously.

	February 28		February 27	
Gold Bullion (fine ounce)				
Close	$639-644	(£279¾-282)	$640-645	(£279½-281¾)
Opening	$636-641	(£278-280¼)	$630-635	(£275½-277¾)
Morning fixing	$638	(£278.931)	$629	(£274.937)
Afternoon fixing	$646	(£282.429)	$636.00	(£278.035)
Gold Coins				
Krugerrand	$643-647	(£281-284)	$643-647	(£281-283)
Mapleleaf	$640-650	(£280-285)	$640-650	(£280-285)
New Sovereigns	$163-165	(£71-73)	$161½-163½	(£70½-72½)
King Sovs	$182-185	(£79½-81½)	$177-180	(£77-79)
Victoria Sovs	$182-185	(£79½-81½)	$178-181	(£77¾-79¾)
French 20s	$149½-152½		$150-153	
50 pesos Mexico	$790-800		$782-787	
100 Cor. Austria	$620-630		$615-625	
$20 Eagles	$753-758		$740-750	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Further shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day to day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised small purchases of Treasury bills all direct from the discount houses, and a small number of eligible bank bills for resale at a fixed future date. The help was made up with large loans to five or six houses at MLR for repayment today. The market was faced with the repayment of Wednesday's small official advances and the residue of Tuesday's loans, and there was a small net take up of Treasury bills to finance. On the other hand banks brought forward balances a small way above target and there was a slight excess of Government disbursements over revenue transfers to the Exchequer.

Discount houses were paying up to 17 per cent for secured call loans at the start, with later balances taken down to 16 per cent. In the interbank market, overnight loans opened at 17⅛-17¼ per cent and eased to 17⅛-17¼ per cent before coming back to 17¼-17½ per cent at noon. Rates fell away during the afternoon to 16-16½ per cent but came back at the close to 16½-17 per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK

Prime Rate	16¼-16½
Fed. Funds	14⅞
Treasury Bills (13-week)	13.82
Treasury Bills (26-week)	13.86

GERMANY

Discount Rate	6
Overnight Rate	7.0
One month	8.675
Three months	9.50
Six months	9.70

FRANCE

Discount Rate	9.5
Overnight Rate	12.8125
One month	13.1875
Three months	13.6875
Six months	13.8125

JAPAN

Discount Rate	7.25
Call (Unconditional)	9.4375
Bills Discount (three-month)	10

LONDON MONEY RATES

Feb. 28 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	16-17⅛	—	—	—	17-17½	16-17	—	—	—
2 days notice	—	—	17⅞-18	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	17	—	—	—
7 days notice	—	17⅝-17¾	17⅞-18	—	18¼	17¾-18⅛	16¾-16⅞	15[illegible]-15[illegible]	17¾-17[illegible]	18
One month	18-17¾	17[illegible]-17[illegible]	17⅞-18	18-18¼	18¼	18⅛-18⅜	16½-16¾	16-16[illegible]	17¾-17[illegible]	17⅞
Two months	18-17¾	17[illegible]-18[illegible]	—	18⅞-18⅜	18¼	—	—	—	17½	17¾
Three months	18-17¾	17⅞-18	18-18¼	18½-18	18¼	18-18⅜	16 -16⅝	16⅝-16⅛	16¼-16⅝	16¾
Six months	17½-17¼	17[illegible]-17[illegible]	17¾-17⅞	17¼-16¾	18	18	—	—	—	—
Nine months	16¾-16⅝	16[illegible]-16[illegible]	—	17⅛-16⅞	17½	—	—	—	—	—
One Year	16½-16⅜	16[illegible]-16[illegible]	16⅞-17⅛	16⅝-16⅜	17	—	—	—	—	—
Two years	—	—	16¼-16½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 16¼-16½ per cent; four years 16 per cent; five years 15⅞-16 per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17[illegible] per cent four-month trade bills 17[illegible] per cent.

Approximate selling rates for one-month Treasury bills 15-[illegible]-15⅞ per cent; two-months 15[illegible]-15[illegible] per cent; three-months 16[illegible] per cent. Approximate selling rates for one-month bank bills 17[illegible]-17[illegible] per cent; two-months 17[illegible]-17[illegible] per cent; three-months 17[illegible]-17[illegible] per cent; one-month trade bills 17¾ per cent; two-months 17⅞ per cent and three-months 17½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from February 1, 1980. Clearing Bank Deposit Rates for sums at seven days notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.0712 per cent.

WORLD VALUE OF THE DOLLAR

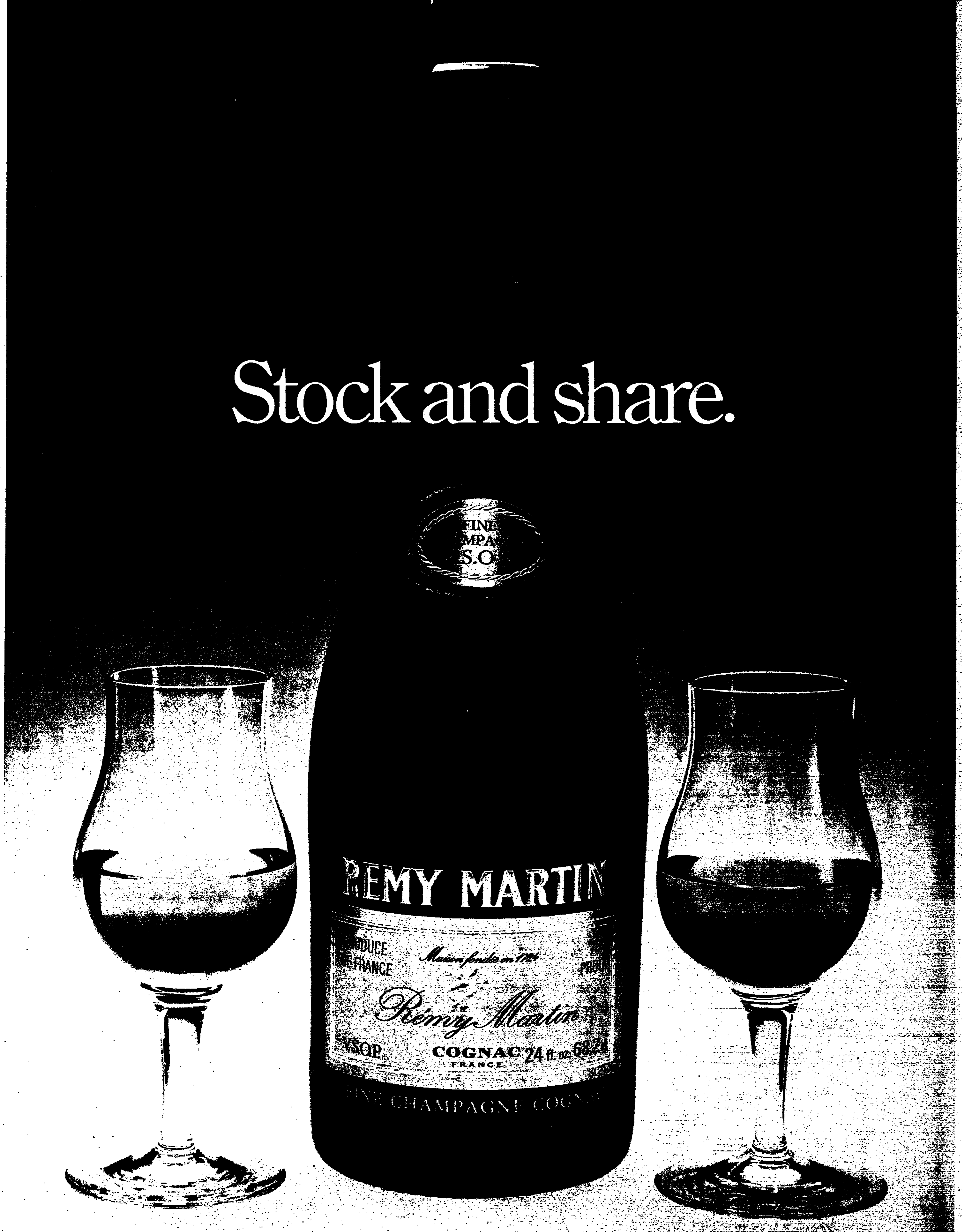
Bank of America NT & SA, Economics Department, London

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 27, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.4155
Algeria	Dinar	3.8525
Andorra	French Franc	4.1375
	Spanish Peseta	67.07
Angola	Kwanza	27.627
Antigua	*E. Caribbean $*	2.7025
Argentina	Argentine Peso	1686.50
Australia	Australian $	0.9013
Austria	Schilling	12.6385
Azores	Portug. Escudo	48.02
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	67.07
Bangladesh	Taka	15.3763
Barbados	Babados $	2.01
Belgium	B. Franc (C)	28.63
	B. Franc (F)	29.475
Belize	Belize $	2.00
Benin	C.F.A. Franc	206.875
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.98
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7816
Brazil	Cruzeiro	45.21
Brit. Virgin Isles	*U.S. $*	1.00
Brunei	Brunei $	2.151
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	206.875
Canada	Canadian $	1.1496
Canary Islands	Spanish Peseta	67.07
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	*Cay. Is. $*	0.835
Cent. Af. Emp.	C.F.A. Franc	206.875
Chad	C.F.A. Franc	206.875
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.5438
Colombia	Col. Peso (O)	43.38
Comoros Islands	C.F.A. Franc	206.875
Congo (Brazaville)	C.F.A. Franc	206.875
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7235
Cyprus	*Cyprus Pound*	0.3489
Czechoslovakia	Koruna (O)	5.28
Dem. Rep. S'oTome & Principe	S. Tome Dobra	34.6257
Denmark	Danish Krone	5.4982
Djibouti	Djibouti Franc	170.492
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	27.20
Egypt	*Pound (3)*	0.6885
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	67.07
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.4982
Falkland Islands	Falkland Is. £ *	2.2875
Fiji Islands	Fiji $	0.8387
Finland	Markka	3.7485
France	French Franc	4.1375
French C'tyin Af.	C.F.A. Franc	206.875
French Guiana	Local Franc	4.1375
French Pacific Is.	C.F.P. Franc	72.9617
Gabon	C.F.A. Franc	206.875
Gambia	Dalasi	1.7486
Germany (East)	Ostmark (O)	1.7635
Germany (West)	Deutschemark	1.7635
Ghana	Cedi	2.75
Gibraltar	Pound *	2.2875
Gilbert Is.	Aust. $	0.9013
Greece	Drachma	38.50
Greenland	Danish Krone	5.4982
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.1375
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.6691
Guinea Republic	*Syli*	19.8894
Guyana	Guyanese $	2.5589
Haiti	Gourde	5.00
Honduras Repub	Lempira	2.00
Hong Kong	H.K. $	4.868
Hungary	Forint (O)	34.00
Iceland	I. Krona	363.40
India	Ind. Rupee	7.98
Indonesia	*Rupiah*	625.00
Iran	Rial	71.50
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt *	2.096
Israel	Israeli Pound	39.10
Italy	Lira	816.50
Ivory Coast	C.F.A. Franc	206.875
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	248.20
Jordan	*Jordan Dinar*	0.2975
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3919
Korea (Nth)	Won	0.94
Korea (Sth)	Won	580.00
Kuwait	Kuwait Dinar	0.2758
Lao P'pls D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.325
Lesotho	*Rand*	0.8087
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.6723
Luxembourg	Lux Franc	28.63
Macao	Pataca	5.31
Madagascar D. R.	MG Franc	206.875
Madeira	Portugese Escudo	48.02
Malawi	Kwacha	0.8037
Malaysia	Ringgit	2.1835
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	413.75
Malta	Maltese Pound	0.3427
Martinique	Local Franc	4.1375
Mauritania	Ouguiya	41.375
Mauritius	M. Rupee	7.6521
Mexico	Mexican Peso	22.81
Miquelon	C.F.A. Franc	206.875
Monaco	French Franc	4.1375
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8702
Mozambique	Moz. Escudo	30.2514
Namibia	Rand	0.8087
Nauru Is.	Aust. $	0.9013
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9446
Netherland Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.9013
	FNH	66.8633
New Zealand	NZ $	1.0116
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	206.875
Nigeria	Naira (O)	0.5803
Norway	Norwg. Krone	4.9045
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N. Guinea	Kina	0.6896
Paraguay	Guarani	137.50
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	259.12
Philippines	Ph. Peso	7.40
Pitcairn Islands	*NZ $*	1.0116
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	48.02
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.70
Reunion, Ile de la	French Franc	4.1375
Rhodesia	Rhd $	0.6935
Romania	Leu	4.47
Rwanda	Rwanda Franc.	92.84
St. Christopher	E. Caribbean $.	2.7025
St. Helena	Sterling *	2.2875
St. Lucia	E. Caribbean $	2.7025
St. Pierre	C. F.A. Franc	206.875
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S $	1.00
San Marino	*Italian Lira*	816.50
Saudi Arabia	Saudi Riyal	3.36
Senegal	C. F. A. Franc	206.875
Seychelles	S. Rupee.	5.8273
Sierra Leone	Leone.	0.8743
Singapore	Singapore $.	2.151
Solomon Islands	S.I. $	0.9013
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.8087
Spain	Peseta.	67.07
Spanish ports in North Africa	Sp. Peseta.	67.07
Sri Lanka	S. L. Rupee	15.67
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.8087
Sweden	S. Krona.	4.1995
Switzerland	Swiss Franc.	1.6723
Syria	Syria Pound.	3.9262
Taiwan	New Taiwan $ (O).	36.00
Tanzania	Tan. Shilling.	8.2893
Thailand	Baht.	20.50
Togo Republic	C.F.A. Franc	206.875
Tonga Islands	Pa'anga	0.9013
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3961
Turkey	Lira.	70.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.9013
Uganda	Ug. Shilling	7.3919
United Arab Emir.	UAE Dirham	3.7425
United Kingdom	£ Sterling	2.2875
Upper Volta	C.F.A. Franc	206.875
Uruguay	Urug. Peso (M)	8.56
U.S.S.R.	Rouble	0.654
Vatican	Italian Lira	816.50
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9111
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	19.8561
Zaire Republic	Zaire Zaire	2.0406
Zambia	Kwacha	0.7838

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.



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Wall St. mixed in early trade

A MIXED performance occurred on Wall Street throughout the morning, as popular averages were buoyed by strength in selected issues but more stocks retreated than advanced.

The Dow Jones Industrial Average, after Wednesday's late setback of 9.13, was 2.73 firmer at 857.85 at 1 pm. The NYSE All Common Index picked up 7 cents to $64.37, but declines outnumbered gains by a four-to-three ratio. Trading was active, although volume, at 28.74m shares, was below the previous day's 1 pm figure of 31.53m.

Oil and Railway stocks provided the best gains, rebounding from weakness on Wednesday. Many investors continue to view companies with natural resource assets as a hedge against inflation, analysts said, traders using market reversals in such issues as buying opportunities.

Meanwhile, the rest of the market continued to move uncertainly as investors await new moves from Washington to ease inflation.

In the Oils group, **Texaco** gained ½ to $41, **Mobil** ⅜ to $80¼, **Gulf Oil** 1½ to $50⅞ and **California Standard** ¼ to $79¾. **Ohio Standard** rose ⅝ to $99⅝. It has raised the dividend and proposed a two-for-one stock split.

Union Pacific put on ½ to $94⅜ on proposing a two-for-one split. **Santa Fe** hardened ¼ to $64¼, **Missouri Pacific** ¼ to $59¼, **Burlington Northern** 1⅛ to $76⅞ and **St. Louis and San Francisco** $1 to $69½.

IBM recovered ⅜ to $63⅜, after falling 2⅝ on Wednesday, and **Storage Technology** rose 1½ to $18¼ after forecasting higher annual net earnings. Both were actively traded.

American Telephone settled a civil anti-trust suit with **International Telephone** and put on ¼ to $47⅝. ITT slipped ½ to $26.

THE AMERICAN SE Market Value Index gained 2.06 to 300.33 at 1 pm. Volume 3.39m shares (4.39m).

Volume leader **Juniper Petroleum** rose 1⅜ to $20¾. **Inter-City Gas** 1½ to $21¼. **Houston Oil** ½ to $27⅜ and **Dome Petroleum** $1 to $69⅝.

Canada

The recent uptrend continued in another busy trade early yesterday. The Toronto Composite Index added 7.8 at 2,173.7, Oil and Gas 17.6 at 5,069.1, Golds 79.7 at 3,482.2 and Metals and Minerals 27.5 at 2,372.7. In Montreal, Papers firmed 0.47 to 203.54, but Banks retreated 3.93 to 319.72.

Hong Kong

Encouraged by Wednesday's favourably interpreted Budget, the market forged ahead in hectic trading yesterday after the recent retreat.

After some early selling, mainly from overseas, local operators scrambled to recover positions sold last week, and the Hang Seng index rebounded 42.59 to 918.74, its largest one-day jump since rising 53.96 on March 2, 1973.

The Government's Budget forecast of a 9 per cent economic growth for the Colony in 1980 cheered the market. Also boosting sentiment was the absence of any mention in the Budget of anticipated bank lending or property speculation controls, while hopes were also raised that there would not be an increase in Hong Kong's best lending rate for the time being.

Hong Kong Bank advanced 70 cents to HK$23.40, **Hong Kong Land** 80 cents to HK$14.20, **Hutchison Whampoa** 60 cents to HK$9.30, **Hong Kong Electric** 45 cents to HK$6.70, **Jardine Matheson** 90 cents to HK$17.60, **Swire Pacific "A"** 55 cents to HK$9.40 and **Wheelock "A"** 37.5 cents to HK$4.375.

Germany

The Bourse session ended before Deutsche Bundesbank announced that it is raising its discount Rate to 7 per cent from 6 per cent and its Lombard Rate to 8.5 per cent from 7 per cent, but expectations of an increase in these key lending rates being declared sent stocks broadly lower in fairly slow trading. Also depressing sentiment was Wall Street's overnight weakness. The Commerzbank index registered a fall of 8.7 at 731.5.

Among Engineerings, **GHH** fell DM 5 and **Linde** DM 6, while **BMW** lost DM 3.50 in Motors, **Siemens** DM 5.30 in Electricals, **Karstadt** DM 6 in Stores and **Commerzbank** DM 3.

After recent weakness, Public Authority Bonds were mixed, recording gains of up to 35 pfennigs and losses ranging to 60 pfennigs.

Tokyo

Shares were inclined to lose ground in active although reduced trading, with recently strong Oils, Trading Houses, Non-ferrous Metals, Steels and Shipbuildings declining on profit-taking.

The Nikkei-Dow Jones Average receded 33.35 to 6,743.99 and the Tokyo SE index 1.65 to 467.40. Falls outscored rises on the First Market section by 366 to 241 after turnover of 500m shares (730m).

A broker said unconfirmed market rumours that a coup took place in Saudi Arabia hit the market shortly before the morning session closed, sending Oils and Trading Houses down. However, Coal stocks maintained firmness on speculation that coal is now being reviewed as a useful energy source to replace oil. Shippings also advanced, reflecting news that the Soviet Union is stepping up tanker chartering for their grain imports.

Nippon Oil lost Y50 to Y1,950, **Arabian Oil** Y120 to 2,910, **Teikoku Oil** Y50 to Y970 and **Toa Nenryo** Y31 to Y886.

Among Trading Houses, **Mitsubishi** rose initially on reports of a one-for-ten scrip issue but later fell to Y731, down Y14 on the day. **Mitsui** shed Y6 to Y369.

In the Coals sector, however, **Mitsui Mining** rose Y20 to Y665, **Sumitomo Coal** Y24 to Y357 and **Matsushima Kosan** Y63 to Y728.

Kobe Steel and other major Steel Manufacturers were actively sold, while Marine Products, Construction, Foods, Textiles, Machineries and Transportations were also easier, but Pharmaceuticals and some speculative stocks like **Fujiya Confectionery**, **Rasa Industries** and **Miyaji Iron Works** gained ground.

Australia

Helped by an improvement in base metal prices and a brighter market for Australian stocks in London overnight, shares, especially in the Minings' sector, recouped more of their recently lost ground as investors shrugged aside worries over interest rates. The Sydney All Ordinaries Index finished 12.82 higher at 881.70 and the Metals and Minerals index moved up 147.05 to 5,936.51.

Copper, Silver, Gold, Coal and Diamond stocks all went well, and there was also support for the Oils sector. The oil lobby was apparently relieved to hear the final terms of the **Woodside Petroleum** rights issue, rumours of which had been hanging over the market for weeks. The lobby was also glad to learn that around 50 per cent of the issue was to be taken up by **BHP** and **Shell**. **Woodside** after falling to A$2.20 on the announcement of the capital raising exercise, subsequently advanced to A$2.50, up 20 cents on the day.

Johannesburg

Gold shares generally improved on investor confidence over the outcome of the Rhodesian General Election. **Western Deep** gained 150 cents to R42.00, **Vaal Reefs** 150 cents to R67.00, **Leslie** 18 cents to R3.55 and **Elsburg** 40 cents to R5.95.

Closing prices for North America were not available for this edition.

NEW YORK

Indices

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SWEDEN

GERMANY

SOUTH AFRICA

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Financial Rand US$1.05½ (Discount of 14⅛%)

Spanish prices, Page 24

NEW YORK ACTIVE STOCKS

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

THE PROPERTY MARKET BY MICHAEL CASSELL

CGT changes on the way

WITH HEAVY HINTS in the air suggesting Budget changes to capital taxation policies, the property sector awaits Sir Geoffrey Howe's March 26 statement with more than the usual amount of self-interest.

The implications of changes in Capital Gains Tax for property investment companies could be significant, bearing in mind that the fixed assets of most groups carry sizeable contingent CGT liabilities capable of inhibiting the proper management of those assets.

In addition, such liabilities can place a break-up value on a company which is often substantially below the stated or estimated net asset value.

There is no doubt that Sir Geoffrey is as anxious as anyone to overhaul the present system of capital taxation, which he believes is not only complicated but oppressive.

There is equally no doubt, however, that Sir Geoffrey's desire for change will on this occasion have to be tempered by the severe constraints within which his budget will have to be framed. Like it or not, the yield from CGT stands at around £600m a year so Sir Geoffrey seems likely to confine himself to a raising of personal exemption limits and a possible cut in the rate from the present 30 per cent to 20-25 per cent.

Property companies are subject to CGT on the sale of investments held as fixed assets and rollover relief is not normally available in such cases. The majority of property shares are rated by reference to their underlying net asset value rather than by reference to the immediate earnings and dividends and a pattern has recently emerged in which leading shares tend to trade within a range representing a discount of between 15-30 per cent of the estimated NAV.

As Chris Turner of McAnally, Montgomery points out, one of the major factors behind this pattern is the contingent CGT liability, which many companies would face if they realised property holdings held as fixed assets at current values.

"As a result of the enormous growth of property values since 1965, certain individual buildings may well carry CGT liability of 20-25 per cent. of their value. Effectively, this often means that a company is locked into its older assets and is unable to justify sales of existing investments as a means of raising capital for new ventures or for alternative purchases.

"The amelioration or abolition of CGT would therefore specifically benefit property companies by reducing or eliminating the gap between the estimated NAV and the theoretical break up value and by giving management greater freedom to manage their portfolio."

People like Chris Turner believe that the end of CGT or, indeed, material changes in its operation would encourage speculative purchases of companies potentially suitable for takeover. He claims that since 1965 the Tax has endorsed the tendency for many property companies to concentrate on retaining a static portfolio and to rely on external forces to produce rental and capital growth.

"In the era of the 'property famine' it is hard to resist the notion that the future of many of these groups lies as potential takeover candidates. Any amendment to CGT ought therefore to be seen as potentially reducing a barrier between the hunters and the hunted.

Major CTG changes could also encourage more active companies to manage portfolios by selling property which had shown its full potential and by reinvesting in developments or new investments.

Another by-product could be an increase in the supply of investment property, especially secondary investments.

For the time being, however, the type of radical changes to CGT which would be required to bring about such events seem unlikely. What the property sector might hear from Sir Geoffrey in three weeks' time is some commitment to far more wide-sweeping changes at a later date. But if this is forthcoming it could in some respects have a significant reverse effect on the property sector during the interim period, with the supply of investment properties drying up because of an assumption that one day soon CGT could be far less of a burden to bear.

Shops get go-ahead

TWO COMPETITIONS to decide who will carry out major shopping developments in Swindon and Accrington have been resolved this week.

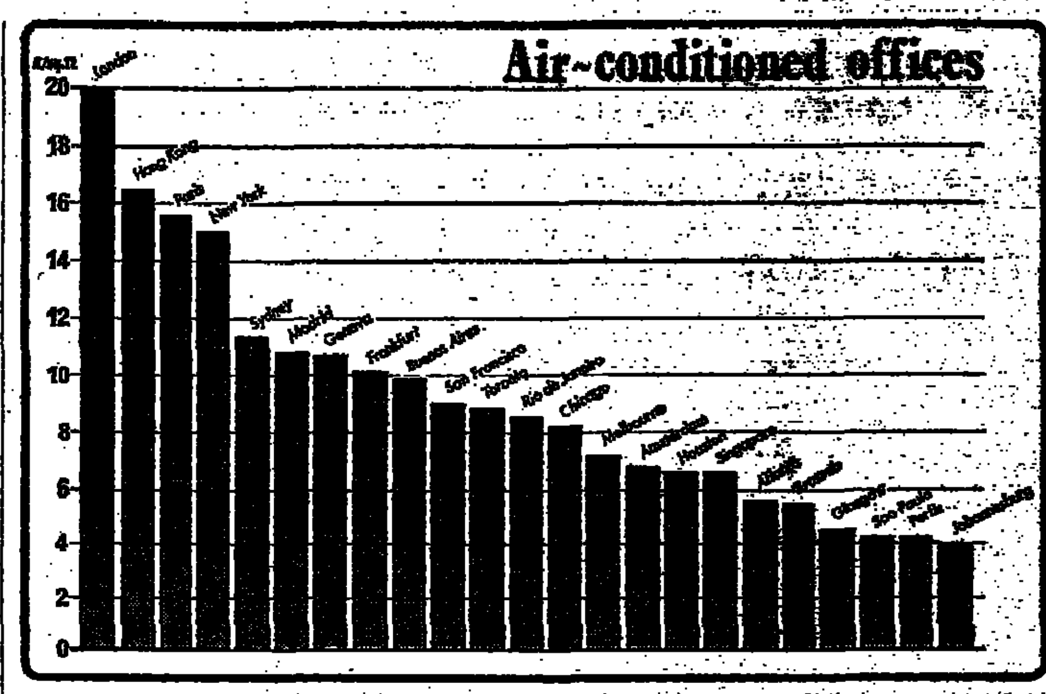
London and Manchester Securities, in association with Taylor Woodrow Property have been selected by the Borough of Hyndburn, from a short list of five developers, to undertake the £11m Accrington town centre development in Lancashire.

Meanwhile, Linfood has been chosen to develop a 100,000 sq ft district shopping centre at Swindon by Thamesdown Borough Council and Edwin H. Bradley, owners of the site to the west of the town.

Four other groups—Associated Dairies Group (Asda), Sainsbury, Taylor Woodrow and Tesco—had also submitted schemes for the Swindon site.

The Accrington scheme, on a four-acre site, provides for 140,000 sq ft of covered shopping area including a departmental superstore, a variety store, two other large units and 16 smaller shops. Completion is due by Christmas, 1982.

Linfood's plans for Swindon provide for a district centre with a 70,000 sq ft "anchor" store—which is to be taken by Carrefour, a Linfood subsidiary—plus a further 30,000 sq ft of subsidiary shopping area. In addition there are plans for a public house/restaurant.



CITY OF LONDON rents remain the most expensive in the world, though other major centres have witnessed much higher rates of rental growth in the past nine months, according to agents Richard Ellis.

After monitoring rents in 23 cities worldwide, Ellis reckons that tenants in the City can expect to pay a little under £4 a sq ft more for a 5,000 sq ft air-conditioned office unit of the highest standard than in any other location.

The exercise, it should be stressed, only involves rentals and—as many international companies appreciate—the total cost per employee of a London operation can be substantially lower than in other major centres because of labour costs. Some estimates have suggested that total costs can be up to 75 per cent lower than in locations like Geneva.

James Croft of Ellis puts the average City rental for best space at £20 a sq ft against a figure of about £18 calculated for the last survey in May 1979. At that time, Paris lay in second place about £3.75 a sq ft behind London but now Hong Kong, which has experienced startling rental increases because of an acute space shortage, has taken over as runner-up.

Rents there have shot up by an average 50 per cent since last May and a 5,000 sq ft suite will now cost a tenant in the order of £16.35 a sq ft. In Paris—now relegated to third place—average rents are put at around £15.50 a sq ft.

In the past nine months, New York rents have also shown a much greater growth rate than those in London, with increases of around 30 per cent reflecting a change from over to undersupply and taking rentals up to £15 a sq ft. Rents in Johannesburg are estimated to have risen by 17 per cent while those in Sao Paulo (where inflation is high) have grown by 40 per cent.

IN BRIEF

● Marks and Spencer is paying £1m for the Red Horse hotel in the centre of Stratford-upon-Avon on condition that the town council grants planning consent for a new store on the site. An agreement between the retailer and Mr. Maxwell Joseph's Norfolk Capital Group, which owns the hotel, stipulates that planning permission must be obtained by September 30 and that purchase must be completed by October 5.

Marks intends to replace the 17th century hotel with a new, medium-sized store of around 20,000 sq ft, a decision which will be met with mixed feelings by a local community short of good shopping facilities but anxious to retain the town's character.

● Leakcliff Properties are to develop a £25m office scheme on the site of David Grieg's former Waterloo Road headquarters opposite Waterloo station. While other development plans in the area have run into lengthy planning delays, the GLC has given the go-ahead for the 112,000-sq-ft scheme which should be finished in early 1982. Richard Ellis are sole letting agents.

● Norwich Union will provide the development finance for Wingate Holdings' £40m Goodmans Yard office complex in the Minories. Planning permission has been granted for a £330,000 sq ft office complex and a major City institution is apparently interested in the space.

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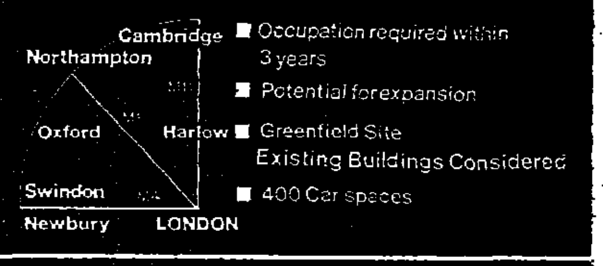

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COMMODITIES AND AGRICULTURE

Minerals stockpile urged

LONDON—Britain should establish an emergency stockpile of a year's supply of ferro-chromium, ferro-vanadium, ferro-manganese and cobalt and give serious consideration to include ferro-silicon, ferro-columbium, molybdenum, nickel and titanium, according to a report issued yesterday by the Royal Institute of International Affairs.

The report—"Stockpiling of Critical Raw Materials"—says non-fuel mineral supplies security is being reviewed in Britain because of disturbances in world energy markets and the increased politicisation of trade and resources in general.

The short term requires emergency stockpiling while closer co-operation between Government and industry to ensure access to minerals at reasonable prices may be necessary over the long term, it says.

It recommends discussions within the Organisation for Economic, Co-operation and Development, OECD, on the problem of few industrialised countries possessing emergency reserves of minerals.

Reuter

Molybdenum up

AMAX, the Climax Molybdenum subsidiary said it raised its prices for molybdenum products by about $1.50 per pound.

Climax Molybdenum said it set new price of $9 per pound for technical molybdic oxide, $9.11 per pound for technical molybdic oxide briquettes and $9.90 for ferromolybdenum, nut size.

The company said export price for molybdenite concentrates is $10.31 per pound of molybdenum contained. Reuter

Synthetic rubber price increase

LEVERKUSEN—Bayer has said it will raise its prices for synthetic rubber by between 5 per cent and 8 per cent from March 1.

This will affect its products Baypren, Perbunan N and Buna CB. Export prices will in addition take account of the changes in foreign exchange rates, it added.

The move is unavoidable following the 20 per cent rise in naphtha costs since the beginning of the year, while higher costs for aromatics and energy must also be passed through to sales prices, it said.

Reuter

Inco lifts nickel as orders surge

BY JOHN EDWARDS, COMMODITIES EDITOR

INTERNATIONAL Nickel yesterday raised its world price for nickel by 25 cents, putting up the cost of melting grade nickel up to $3.45 cents a lb. Plating nickel rises to $3.50 and charge nickel to $3.32 after an iron allowance of 13 cents.

The increase takes immediate effect but the UK price will not be adjusted until March 1 when the price for the next month is worked out according to the dollar-sterling parity rate.

Earlier this week Charles Baird, Inco president, forecast a 10 per cent drop in demand for nickel this year, but the company said yesterday that the price increase followed an unexpected surge in orders for nickel worldwide.

When Inco resumed quoting nickel prices last February, after a long period of depressed values, the cost of melting nickel was only $2.05. But the rundown in surplus stocks as a result of the long strike at Inco's Sudbury mines resulted in a series of price increases. The last rise was in early December. Other producers are almost certain to follow Inco's lead.

Rumours of a possible nickel price rise have been circulating on the London Metal Exchange for some months and had been already discounted to a large extent. As a result, cash nickel yesterday rose by only £35 to £3,100 a tonne.

Meanwhile the rise in tin prices on the Metal Exchange was halted yesterday. After rising to a record £8,050 in early trading the three months quotation closed £80 down on the day at £7,905 a tonne.

The initial firmness was encouraged by a big rise in the Straits tin price in Penang overnight. It rose by M$95 to an all-time peak of M$2,370 a picul (133.3 lb). Subsequently, however, the market was hit by profit-taking sales.

An early rise in copper was also virtually wiped out in later trading, although the market rallied on the late kerb. Copper cash wirebars after rising to £1,237 at the end of the morning session closed in the afternoon at £1,205 a tonne, only £4 higher than the previous close.

Cash lead rose again by £9.5 to £541 a tonne, but zinc fell by £10.5 to £379.5 a tonne.

Silver advanced stongly. The bullion market spot quotation was raised by 88.05p to 1,531.5p a troy ounce at the morning fixing and values rose futher in the afternoon to close at over 1,557p.

Brazil coffee move

BY RICHARD MOONEY

BRAZIL has raised its minimum coffee price by 10 cents to $1.80 a pound, but the move, which most London dealers saw as purely cosmetic, had virtually no effect on the tone of the market. On the futures market the May position climbed to £1,573 a tonne at one stage before closing £7 down at £1,558.50 a tonne.

Announcing the price rise in Rio de Janeiro the Brazilian Coffee Institute (IBC) said it brought the level closer to current offer prices. This is perfectly true, the offer price is quoted at 194.95 cents a pound, but it ignores the substantial discounts offered on Brazilian coffee at present.

European roasters are getting a 39 cents a pound discount in the form of vouchers entitling them to further coffee supplies. This brings the real price down to 155.95 cents.

"The change in the minimum makes absolutely no difference to the market," one dealer commented yesterday. "It seems to have been made purely for the sake of appearances."

The IBC has not changed its coffee export tax, which remains at $101 per 60-kilo bag.

There is some uncertainty in the market at the moment because of the deterioration in West African crop prospects. This is particularly true of the Ivory Coast where the 1979/80 crop is now projected at 205,000 tonnes against 340,000 forecast earlier in the season.

Meanwhile the Bogota Group of coffee producers remains active in the market though its influence has been less dramatic. The group has adopted a more sophisticated price support strategy of selling nearby positions and buying forward in place of its former expensive policy of taking delivery of the futures contracts it purchased.

World sugar forecast revised

SUGAR statistician F. O. Licht has cut his estimate of world sugar stocks at end August 1980 to 25.83m tonnes against a December estimate of 26.85m and 30.41m tonnes at the end of 1979.

He forecasts consumption at 91,124,000 tonnes, down from a first estimate of 91,580,000, but up from 90,465,000 tonnes in 1978-79.

As a percentage of consumption 1979-80 stocks are put at 28.34 per cent, down from a December forecast of 29.31 per cent and last year's out-turn of 33.88 per cent.

Licht's estimate of world imports is raised to 29,089,000 tonnes from 28,738,000 previously, and compared to 1978/79 imports of 27,130,000

Exports are forecast at 29,212,000 tonnes, up from 28,779,000 previously and against 27,508,000 tonnes

On the London futures market yesterday the May raw sugar quotation fell £11.475 to £254.875 a tonne. In the morning the London daily sugar price was fixed £13 lower at £215 a tonne.

Cocoa talks fail to move

STRONG WORDS from Cocoa producers meeting in Accra did cocoa market yesterday.

Mr. John Nabila, Ghana's information and presidential affairs minister, emphasised the need for co-operation among members of the Cocoa Producers' Alliance to achieve a higher price for cocoa.

He said his government was concerned about the "unhealthy development that has characterised the International Cocoa Agreement."

The alliance's president, Sr. Carlos Alberto Andrade Pinto, was more forthright. "The International Cocoa Agreement is suffering from cancer," he said. "We shall have to see whether the consumers have any medicine for it."

Sr. Pinto said he considered 150 cents a lb to be a reasonable price. Current levels are nearer 14 0cents.

But the cocoa market seemed unimpressed and after moving up initially, the London May futures price ended the day £3.5 down at £1,393.5 a tonne. Dealers said trading in West African cocoa has proceeded fairly well recently in spite of the Ivory Coast's stockpiling policy and the alliance's avowed intention not to sell below an agreed minimum price.

SUGAR BEET

Planting in spite of the EEC

BY DAVID RICHARDSON

A VITAL factor in growing a good crop of sugar beet is the date the seed is drilled into the soil. In order to maximise the growing period and to ensure full leaf cover by mid summer, it is essential to plant as soon as the land will allow.

The next few weeks are critical to the success or otherwise of this year's sugar beet crop, as even the heaviest soils have to be planted by mid April to achieve optimum yields.

But while the agricultural imperatives are clear, political prevarication is causing concern and confusion. For although the question of sugar quotas will once again be high on the agenda at next week's Council of Agriculture Ministers in Brussels, the likelihood of any agreement on the quantities of sugar each of the Nine should grow at guaranteed prices for the next five years seems remote.

In proposals put forward last autumn and marginally amended in January, the EEC Commission aims to cut European sugar production by 10 per cent. But so far, the Agriculture Ministers of most member countries have rejected the Commission's proposals.

Backed by their domestic sugar industries, they have pointed to evidence that world sugar consumption is increasing while world production appears to be static and contended that there is no case for reducing output. The rise in world sugar prices in recent weeks, of course, tended to confirm this view. Although values have slipped since, the volatility which remains in the market is interpreted by some as reason enough to leave quotas as they are.

The Commission claims, however, that the need to cut quotas and reduce EEC budget commitments to sugar is still urgent. Recent price movements on world sugar markets, they say, are purely speculative and do not reflect the genuine supply position. Indeed, a Commission spokesman posed the provocative question — if European sugar companies are so sure that prices will stay at present levels or above for a few years, why didn't they accept the quota cuts in order to profit from selling their non-guaranteed surplus on world markets?

Given this confusion and the contradictory evidence being put forward by both sides, the most likely outcome is that quotas will indeed be left at 1979 levels for this year, and that negotiations for 1981 and beyond will form part of this year's farm price package.

It is understood that such a policy is favoured by the current President of the Agricultural Council, the Italian Giovanni Marcora. It is suggested he will try to force a decision to that effect at next week's meeting, in order to remove some of the uncertainty from the minds of farmers waiting to begin planting.

In the meantime, UK growers have contracted to grow about the same amount of beet in 1980 as last year when 215,000 hectares were planted. The British Sugar Corporation has, in fact, encouraged farmers to sign up for the full acreage in spite of threatened quota cuts. Proof of the Corporation's and the UK's continued production capability is, of course, vital in quota negotiations.

Nevertheless, in some respects British Sugar's success in persuading so many farmers to commit their land to beet this year is quite surprising. The uncertainty created by the Commission's original proposals to cut an effective 30 per cent from UK quota entitlement which led in turn to talk of sugar factory closures, could well have persuaded many farmers to stop growing beet.

It seems to me, however, that there are two main reasons for farmers' current enthusiasm for sugar beet. The first is that 1979 was an exceptionally good beet year. Average yield of roots and the percentage of sugar contained in them were both well above average, and led to returns to the average grower of about £1,000 per hectare.

Farmers are eternal optimists, whatever public image they may put about, and they also have selective memories. In other words, the three drought years of the mid 1970s which had near disastrous consequences on the whole beet sugar industry have been conveniently forgotten in favour of 1979, even though they know it could well happen again.

The second reason the sugar beet crop has returned to popularity after those bad years is that most of the alternative break crops arable farmers can grow have become significantly less attractive.

Green processed peas have failed to attract housewives at the ever-increasing rates forecast by the freezing companies, and both prices and processing facilities have been squeezed.

Sprouts, carrots and dwarf beans have all been disposed of this year at ruinous knockdown prices. Although the Minister of Agriculture has promised to fix a guaranteed price for potatoes if an EEC regime is not agreed, the odds are that it will be 4 per cent lower than last year.

Meanwhile, the Potato Marketing Board last week sent a letter to potato growers pleading with them to reduce their plantings by 6,000 hectares to avoid flooding the market later this year.

The plain fact is that when it comes to "break" crops, in spite of all the problems associated with it, sugar beet now looks like the best of a moderate bunch. So, like a lot of my neighbours, I shall be getting the seed drill out in a few days' time whatever the EEC Farm Ministers decide next wek. And I'll be looking forward optimistically to another year like 1979.

UK dairy farmers at a disadvantage

BY RICHARD MOONEY

BRITISH dairy farmers operate at a considerable disadvantage to their counterparts elsewhere in the EEC, the House of Commons select committee on agriculture was told yesterday.

Farmers' and landowners' representatives claimed that market prices for dairy products had been kept artificially low in the UK in comparison with the rest of the Community —first because of the gap between the Green Pound and sterling, and laterly because of the coincidence of a strong pound and soaring inflation.

Mr. Rodney Swarbrick, chairman of the Country Landowners' Association's agriculture and land use sub-committee, told MPs he calculated, following a recent trip to the Continent, that his own 170-cow dairy unit would yield £26,000 a year more profit under Dutch pricing arrangements and £13,000 more under the French system.

He agreed that a dairy price freeze, or at most "prudent" price rises, was "absolutely essential" in view of the Common Market's surplus production.

Farmers' representatives, including Mr. Richard Butler, president of the National Farmers' Union (NFU) and Mr. Henry Christie, vice-president of the Scottish NFU, also accepted the need to hold community dairy support prices down. But Mr. Butler said he was against raising the levy on excess milk production above the present 1 per cent and "utterly rejected" the concept of a "super-levy" on increases in production.

He said producer prices needed to be raised in the UK, especially for manufacturing milk, but he rejected suggestions that 2p a pint could be taken from the liquid price and put on the manufacturing price.

In Brussels meanwhile the EEC Commission has given an assurance that doorstep deliveries of Britain's daily pinta are not in danger from EEC legislation.

In a written answer to a question from Ulster Unionist Euro-MP John Mark Taylor, it said: "The Commission has never envisaged the introduction of measures concerning either directly or indirectly door-to-door delivery of liquid milk."

UK apple delegation

BRITISH apple growers have gone to Paris today to meet representatives of the French apple industry to discuss problems over the marketing of Golden Delicious apples in Britain.

Leading the four-man delegation is Lord Selbourne, whose top fruit working party has just made a report to the government calling for aid in helping to combat French apple marketing techniques.

Also in the party is fruit grower Mr. Dan Neuteboom, chairman of the National Farmers' Union apple and pear committee. Mr. David Thorburn, representing the trade and the marketing co-operative Home Grown Fruits, and Mr. Gordon Tickler, deputy director of the NFU's horticultural division.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer but well below the day's highs on the London Metal Exchange. Forward metal moved ahead on the pre-market and morning rings to touch £1,247 reflecting renewed speculative buying. However, the market ran out of steam on the kerb with forward metal easing back to £1,237. In the afternoon a steady opening on Comex was followed by a sharp fall and London dropped accordingly to touch £1,217 before a late rally prompted a close on the late kerb of £1,225. Turnover 30,175 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1236-7	-25.5	1204-6	+4
3 months	1244-5	-27	1217-8	+5
Settlem't	1237	-25	—	.....
Cathodes				
Cash	1180-8	-15.5	1152-7	+7
3 months	1121-3	-15	1185-8	+11
Settlem't	1182	-14	—	.....
U.S. Prod	—	.....	*120-131	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,237, 38, 37, three months £1,247, 45, 47, 46, 47, 45, 44, 45, 47, 46, 45, 44. Cathodes, three months £1,210, 11. Kerb: Wirebars, three months £1,243, 42, 41, 40, 39, 37, 36, 35, 37, 38, 39, 40. Afternoon: Wirebars, cash £1,212, three months £1,228, 22, 21, 22, 20, 21, 22, 24, 25, 24, 23, 22, 21, 17, 16, 18, 19, 20, 19, 17, 16, 17, 18. Kerb: Wirebars, three months £1,222, 25, 26, 28, 29, 26, 25, 28, 29, 28, 29, 27, 26, 27, 28, 27, 26, 25.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7880-90	-60	7840-60	-78
3 months	7920-30	+15	7900-20	-80
Settlem't	7890	-60	—	.....
Standard				
Cash	7880-90	-60	7840-60	-70
3 months	7920-5	+17.5	7900-10	-80
Settlem't	7890	-60	—	.....
Straits-E.	‡52370	-95		.....
NewYork	—	.....		.....

TIN—Easier on balance. The record level at Penang saw forward metal open at £8,000 and move up to a record £8,050 following bear buying demand. Towards the close of the pre-market, however, profit-taking pared the price to £7,910 at which level it stayed for most of the day until light covering against U.S. physical interest prompted a close on the late kerb of £7,930. Turnover 1,150 tonnes.

Morning: Standard cash £7,860, 70, 80, 90, 80, three months £7,925, 20, 10, 15, 10, 20, 25. Kerb: Standard, three months £7,900, 20. Afternoon: Standard, three months £7,920, 30, 25, 30, 20, 15, 10, 7,900. Kerb: Standard, cash £7,850, three months £7,910, 20, 30.

LEAD—Barely changed for forward metal although renewed demand for cash material caused a further widening in the backwardation. Three months metal tended to follow the pattern in copper with the price trading either side of £500 during the morning before easing back to close the late kerb at £495.5. Turnover 11,825 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	546-7	+11.5	540-2	-9
3 months	500 1	-7	497-8	-15
S'ment	547	-21	—	.....
U.S. Spot	—	.....	*50	.....

Morning: Cash £548, 46, three months £501, 500, 499, 501, 2, 1, 500. Kerb: Three months £500, 499, 97. Afternoon: Cash £547, 42, late May £499.5, three months £499, 96, 97, 96, 97, 98, 98. Kerb: Three months £494, 95, 96, 95.

ZINC—Lost ground on profit-taking with forward metal finally £492.5 after a day's high of around £400. Turnover 7,925 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	386-7	-7	379-80	-10.5
3 months	396-7	-5	391-.5	-8.25
S'ment	387	-7	—	.....
Primw'ts	—	.....	*37.5	.....

Morning: Cash £390, 89, 88, 87, three months £400, 399, 98, 96. Kerb: Three months £395, 96. Afternoon: Three months £395, 93, 92, 91. Kerb: Three months £393, 92, 91, 92.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

ALUMINIUM—Lower on profit-taking. Forward metal opened on a strong note and moved up to touch £963 on fresh buying and speculative interest. However, this level attracted profit-taking which depressed the price to £940 before a close on the late kerb of £946.5. Turnover 5,475 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	†+ or —
	£	£	£	£
Spot	945-7	-3	925-7	-17
3 months	957-8	-4	941-2	-14.2

Morning: Cash £950, 46, three months £963, 63.5, 63, 61, 57, 55, 57, 58. Kerb: Three months £958, 56. Afternoon: Three months £952, 51, 50, 48, 45, 42, 41, 40, 41, 42. Kerb: Three months £945, 44, 42, 44, 46.

NICKEL—Gained ground following the 25 cents price increase announced by Inco. Forward metal traded around £3,190 for most of the morning but rose strongly in the afternoon on the Inco price rise to touch £3,230 prior to closing the late kerb at £3,200. Turnover 954 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3080-100	-2.5	3095-105	+35
3 months	3185-90	-5	3195-200	+25

Morning: Three months £3,190. Afternoon: Three months £3,210, 20, 30, 20, 15, 10, 3,200, 3,190, 95. Kerb: Three months £3,200.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 88.05p an ounce higher for spot delivery in the London bullion market yesterday at £15.315. U.S. cent equivalents of the fixing levels were: spot $35.010, up $2.01; three-month $35.595, up $2.079; six-month $35.694, up $1.899; and 12-month $35.804, up $1.889. The metal opened at £14¾-15.1 ($33¾-34½) and closed at £15.2-15.55 ($34¾-35½).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	1531.50p	+88.0	1557.5p	+69.5
3 months	1563.50p	+89.9	1590.0p	+69.5
6 months	1573.10p	+82.5	—	.....
12months	1583.50p	+82.3	—	.....

LME—Turnover 227 (212) lots of 10,000 ozs. Morning: cash 1,553, 65, three months 1,560, 65, 70, 75, 80, 90. Afternoon: three months 1,580, 75, 80, 85. Kerb: three months 1,590, 80.

COCOA

Opening £20 higher, futures today quickly eased back to unchanged and trading at those throughout the day, closed some £5 below Wednesday evening. The physical market was again a quiet one, both producers and consumers withdrawn at current levels, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1359-61	-4.5	1385-59
May	1393-94	-3.5	1412-391
July	1415-16	-4.0	1432-13
Sep	1438-42	-3.5	1455-35
Dec	1480-83	-1.5	1495-77
March	1500-10	.....	1520-03
May	1520-30	-5.0	1540-30

Sales: 3,006 (1,627) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price Feb 27: 142.27 (142.51). Indicator price Feb. 28: 15-day average 147.05 (147.59); 22-day average 147.33

COFFEE

Robustas opened unchanged to slightly higher in mixed dealings, but failed to hold early gains and gradually eased back to unchanged levels on good trade selling. Self-trades boosted a somewhat light volume during an otherwise featureless session, reports Drexel Burnham Lambert. Price fixing operations in the afternoon contributed largely towards a further sharp increase in volume, but there was very little activity as prices consolidated in a narrow range throughout. The closing call saw the lows of the day but trading was well scattered.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1522-24	-9.0	1535-22
May	1558-59	-7.0	1573-60
July	1601-02	-4.5	1615-01
Sept	1637-38	-1.5	1648-36
Nov	1641-45	-5.0	1653-45
January	1645-54	-7.5	1660-58
March	1628-40	-8.5	1644-43

Sales: 4,909 (3,866) lots of 5 tonnes.

ICS Indicator prices for Feb. 27 (cents per pound). Other Mild Arabicas 171.67 (170.67). Robustas ICA 1976 167.50 (166.75). ICA 1968 167.75 (167.00). Unwashed Arabicas 198.00 (197.00). Comp. daily ICA 1968 182.70 (181.86).

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged but values quickly increased on good buying interest on both May options. Selling pressure was seen at 35p higher and values eased back in fairly good volume to close 30-35 down on old crops. New crops saw reasonable buying interest initially on the barley, but sellers eased the market back to close 10-20 down on barley and 5p down on wheat, reports Acli.

WHEAT Mnth	Yest'rdays close	+ or —	BARLEY Yest'rday close	+ or —
Mar.	94.55	-0.30	93.25	-0.35
May.	98.90	-0.30	97.25	-0.35
Sept.	94.75	-0.05	92.55	-0.20
Nov.	98.70	-0.05	96.65	-0.10
Jan.	102.60	-0.05	100.55	-0.10

Business done—Wheat: March 95.35-94.55, May 99.65-98.85, Sept 94.90-94.75, Nov. 98.85-98.60, Jan. 102.75-102.50. Sales: 159 lots of 100 tonnes. Barley: March 93.95-93.20, May 97.95-97.10, Sept. 92.80-92.45, Nov. 96.85-96.50, Jan. untraded. Sales: 256 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Feb. 98.25, March 98.25, April-May 95.75 transhipment East Coast. Maize: U.S. French March 116.50, April 117.75, quoted transhipment East Coast. Barley: English feed fob March 101, April 102.75, April-June 103.50. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S East 95.60, S West 95.40, W Midlands 95.50, N West 95.00. Feed wheat: S. East 96.50, S. West 97.20, W. Midlands 95.50, N. West 96.10.

RUBBER

The London physical market opened steadier, with good terminal interest throughout the day, closing uncertain. Lewis and Peat reported a Malaysian godown price of 343 (338) cents a kg (buyer March).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Apr.	77.50-78.00	76.50-76.70	—
May	78.20-79.00	77.60-78.50	—
Apr.-Jne	78.70-78.80	77.50-77.70	79.60-77.50
Jly.-Sept	83.60-83.70	82.20-82.30	84.40-82.25
Oct-Dec	87.40-87.45	86.50-86.40	88.75-86.30
Jan-Mar	90.10-90.20	89.00-89.25	90.60-90.20
Apr-Jne	92.70-93.50	91.75-92.00	—
Jly.-Sept	95.30-95.60	94.25-94.75	96.00
Oct-Dec	97.40-97.70	96.40-96.45	—

Sales: 936 (777) at 15 tonnes; nil at 5 tonnes.

Physical closing prices (buyer) were: Spot 75.00p (73.50p); April 77.00p (76.00p); May 79.00p (78.00p).

SOYABEAN MEAL

The London soyabean meal market opened slightly steadier in quiet conditions, reports T. G. Roddick. The market remained steady throughout the day, but with some late trade selling closed lower.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
April	109.20-09.4	+0.15	109.70-109.20
June	108.90-09.0	-0.10	109.50-109.00
August	110.70-11.0	-0.60	111.00
October	110.80-11.0	-0.35	111.00
December	114.20-14.4	-0.25	114.80-114.70
February	116.70-17.0	-0.10	117.10
April	117.50-19.5	+0.05	—

Sales: 42 (113) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £215.00 (£228.00) a tonne cif for Feb.-March-April shipment. White sugar daily price was £248.00 (£253.00).

The market opened some £3-£4 above kerb levels but all the gains were soon lost. Good support was uncovered at the lows, however, and improving New York quotations later produced a rally of £10 and the market closed at the highs of the day.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	254.00-58.00	253.50-54.00	243.00-26.50
May	254.75-55.00	268.25-68.45	268.50-45.00
Aug	262.50-63.00	271.70-72.00	269.50-51.50
Oct	268.50-69.00	277.00-77.25	278.00-57.75

Sales: 10,864 (9,782) lots of 50 tonnes.

No. 4 CONTRACT—Close (in order buyer, seller only): May 254.50, 255.50; Aug. 264.00, 264.50; Oct. 268.00, 271.50; Jan 265.00, 270.00; March 273.00, 276.00; May 272.00, 280.00. Sales: 207 (253).

Tate and Lyle ex-refinery price for granulated basis white sugar was £318.70 (same) a tonne for home trade and £318 (£326.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for February 27. Daily price 21.99 (21.94); 15-day average 23.36 (23.30).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound: March 470.0, 470.0, 470.0-466.0, 40; May 483.0, 484.0, 485.0-480.0, 165; July 510.0, 511.0, 512.0-507.0, 378; Oct. 514.0, 515.0, 516.5-513.0, 32; Dec. 513.0, 514.0, 517.0-512.0, 37; March 516.5, 517.0, 517.0-515.0, 12; May 517.5, 518.0, 518.0-517.0, 22; July 517.5, 520.0, 517.0-517.0, 2. Sales 748.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 405, 407, 410-409, 11; Aug. 419, 421, 420-419, 11; Oct. 419, 420, 420-419, 11; Dec. 420, 422, nil, nil; Jan. 417, 419, 420-418, 4; March 425, 430, nil, nil; May 428, 435, nil, nil; Aug 428, 435, nil, nil. Sales: 37.

COTTON

LIVERPOOL—Spot and shipment sales in Liverpool amounted to 225 tonnes, bringing the total for the week so far to 1,000 tonnes. Mixed dealings in a variety of styles brought the turnover to moderate dimensions, but few major contracts were placed. African supplies constituted most of the demand, with quiet support in North American growths.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 63.0 to 67.0; Eire hindquarters 69.0 to 72.0, forequarters 46.0 to 49.0. Veal: English fats 75.0 to 84.0, Dutch hinds and ends 98.0 to 104.0. Lamb: English small 60.0 to 76.0, *English small 80.0, medium 56.0 to 70.0, heavy 52.0 to 64.0; Scottish heavy 52.0 to 62.0. Imported frozen: NZ PL new season 54.0 to 54.0, PM new season 52.0 to 52.0. Pork: English, under 100 lb 42.0 to 49.0, 100-120 lb 38.0 to 48.0, 120-160 lb 36.0 to 44.0.

* Special quotations—very high quality produce in limited supply.

MEAT COMMISSION—Average fatstock prices at representative markets on February 28. GB cattle 80.31p per kg lw (+1.29): UK sheep 164.2p per kg est dcw (+8.9): GB pigs 66.3p per kg lw (+2.6).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navel 3.80-4.50; Jaffa: Shamouti 50/189s 3.75-5.50; Moroccan: 64/113s 3.60-3.80; Cyprus: Valencia Lates 3.60-4.00. Satsumas—Spania: 95/189s 3.40-4.30. Clementines—Spania: 5.00-5.50. Wilkings—Spania: 5.00-5.20. Lemons—Italian: 100/150s 4.50-4.80; Cyprus: 11 kg 84/120s 3.00-4.00; Greek: 4.80-5.00; Californian: 99/115s 5.50-6.00; S. African: 100/170s 5.80-6.00. Grapefruit—Cyprus: 20 kg 3.10-4.40; Jaffa: Large boxes 32/88s 4.80; Florida: Pink Flesh 36/48s 5.00-5.40. Apples—French: Golden Delicious, boxes 40 lb 138/175s 3.80-5.00, 20 lb 1.80-2.40; Granny Smith 20 lb 2.40-3.40, 40 lb 4.50-6.00, Starkcrimson, approx. 20 lb 72s 2.60; 40 lb 5.80-6.80; Italian: Granny Smith 20 lb per pound 0.14-0.16, Jonathan 0.09, Starking 0.10-0.15, Golden Delicious 0.09; Spanish: Starkcrimson 4.00-4.50; Italian: Romes 0.10-0.12. Pears—S. African: Williams Bon Chretien 34 lb approx. 7.20. Grapes—Californian: Red Emperor, per lb 0.50-0.55; S. African: Ben Hannah 5.40, Alphonse 6.00, Waltham Cross 5.00. Plums—S. African: Kelseys 0.50-0.55 per pound. Ortaniques—Jamaican: 54/126s 6.50-7.25. Avocados—Israeli: 3.80-4.20. Melons—Ecuador: White 4.00; Chilean: Green 10.00-10.50; Colombian: Green 10 kg 6.50. Pineapples—Ivory Coast Each 12 0.40-0.70, 6s 1.00-1.10; S. African: 6/9s 2.40-2.70. Onions—Spanish: 4.50-6.00; Dutch: 3.30:

*

GRIMSBY FISH—Supply good, demand poor. Prices at ship's side (unprocessed) per stone: Shelf cod £2.80-3.80, codlings £2.20-3.20. Large haddock £3.30-3.60, medium £3.30-3.50, small £1.80-2.50. Medium plaice £3.00-3.60, best small £3.00-3.60. Skinned dogfish (large) £11.50, medium £10.00. Lemon soles £9.50. Rockfish £2.00-3.00. Saithe £2.00-2.30.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 28 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£770/810
Free Mkt (cs)	$2180/2200	.....	$2040/205
Copper			
Cash w'bar	£1,205	+4	£1,287
3 mths	£1,217.5	+5	£1,282.5
Cash Cathode	£1,154.5	+7	£1,233
3 mths	£1,186.5	+11	£1,254
Gold troy oz	$641.5	-1	$650
Lead cash	£541	+9.5	£503.5
3 mths	£497.5	-1	£505.5
Nickel	£3,195.78	.....	£3,195.78
Freemkt(cif (lb	310/340c	+7.5	306/330c
Platin'mtr'y oz	£189.0	.....	£189
Free mkt	£382.95	+0.20	£358.55
Quicksil'ver†	$390/400	.....	$395/408
Silver troy oz	1531.50p	+88.05	1454.2p
3 months	1563.50p	+89.90	1575.5p
Tin Cash	£7,850	-70	£7,365
3 mths	£7,910	-80	£7,385
Tungsten22.04lb	$139.11	.....	$138
Wolfrm 22.04 lbs	$140/146	+1.5	$142/145
Zinc cash	£379.5	-10.5	£367
3 months	£391.25	-8.25	£380.5
Producers	$825	.....	$780/825
Oils			
Coconut (Phil)	$845v	+20	$910
Groundnut	.....	.....	.....
Linseed Crude	£416	-14	£431
Palm Malayan	$667.5w	+2.5	$696
Seeds			
Copra Philip	$555	+5	$600
Soyabean(U.S.)	$288	+2.5	$288
Grains			
Barley Futures	£97.25	-0.35	£101.25
Maize			
French No3AM	£116.5 Or	.....	
Wheat			
No. 1 Red Spg.			
No2HardWint.		.....	£98.50
Eng. Milling		.....	
Other commodities			
Cocoa ship.t	£1,435	+17	£1,525
Future May	£1,393.5	-3.5	£1,467
CoffeeF't'rMay	£1,558.5	-7	£1,523.5
Cotton A.Index	96.85c	.....	94.50c
Rubber (kilo)	75.0p	+1.5	79p
Sugar (Raw)	£215	-15	£214
Wooltp's 64s kl	297p kilo	.....	292pkilo

r March. s June v Feb.-March. t March-April. u April. w April/May. x July. z Indicator. § Buyer. † Per 76 lb flask.

AMERICAN MARKETS

NEW YORK, February 28.

THE LIVESTOCK complex staged a good rally in anticipation of stronger seasonal tendencies this spring and summer. Grains and soyabeans faded in the close finishing with moderate losses. Gold was sharply higher on expectations of a highly unfavourable trade balance. Silver went up the limit on indications of delivery notices winding up in strong hands. Trade buying could not overcome commission house selling and closed moderately lower. Sugar rallied on a private world crop estimate, indicating this year's crop will lag more than 5m tonnes behind consumption. Commission house selling in cotton resulted in a mixed close. Cocoa was featureless, while hedging and commission house liquidation in coffee caused a mixed close, reported Heinold.

Copper—March 120.50 (121.60), April 122.70 (123.80), May 125.00, July 128.00, Sept 130.00, Dec 133.00, Jan. 133.50, March 134.50, May 135.50, July 136.50, Sept. 137.50, Dec. 139.00. Sales: 12,800.

*Gold—March 641.0 (629.5), April 650.5 (63.90), May 661.2, June 672.8, Aug. 696.6, Oct 720.3, Dec. 744.0, Feb. 767.6, April 791.1, June 814.8, Aug. 838.4, Oct. 862.0, Dec. 885.6. Sales: 16,000.

Potatoes (round whites)—March 49.0 (47.5), April 56.6 (55.5), May 64.4, Nov. 73.4. Sales: 481.

*Platinum—March 87.11 (85.15), April 89.01 (87.15), July 92.15, Oct. 96.35, Jan. 99.85, April 103.95. Sales: 1,600.

¶Silver—March 3520.0 (3370.0), April 3489.0 (3414.0), May 3534.0, July 3609.0, Sept. 3684.0, Dec. 3764.0, Jan. 3791.0, March 3844.0, May 3897.0, July 3950.0, Sept. 4003.0, Dec. 4073.0. Sales: 4,491.

Sugar—No. 11: March 20.96 (20.26), May 23.88 (23.70), July 25.32, Sept. 25.96, Oct. 25.99, Jan. 25.55, March 26.37, May 26.48, July 26.86. Sales: 20,175.

Tin—842.00-850.00 asked (849.00-855.00).

CHICAGO, February 28.

Lard—Chicago loose 19.25 (same). New York prime steam 26.75 (same).

Live Cattle—April 69.37 (68.90), June 72.65 (71.62), Aug. 72.45, Oct. 71.20, Dec. 72.35, Feb. 72.55.

Pork Bellies—March 41.55 (41.07), May 42.97 (42.57), July 44.27, Aug. 43.67, Feb. 54.10, March 54.50.

Silver—March 3525.0 (3390.0), April 3500.0 (3430.0), June 3580.0, Aug. 3640.0, Oct. 3700.0, Dec. 3758.5, Feb 3815.5, April 3871.5, June 3927.5, Aug 3983.5, Oct. 4039.5, Dec. 4095.5, Feb. 4151.5, April 4207.5, June 4263.5, Aug. 4319.5.

†Soyabeans—March 637-637½ (642½), May 661½-661 (667¼), July 684½-683½, Aug. 692-692, Sept. 700, Nov. 714½-714, Jan. 731-731½, March 751½-750½.

‖Soyabean Meal—March 174.10-173.30 (175.90), May 180.70-180.60 (182.40), July 186.90-187.00, Aug. 189.80-190.10, Sept 193.00, Oct. 195.50, Dec. 199.00-198.50, Jan 202.00-201.50, March 206.50-207.00.

Soyabean Oil — March 22.65-22.68 (23.00), May 23.40-23.45 (23.70), July 23.90-23.95, Aug 24.20-24.25, Sept 24.50, Oct. 24.80-24.75, Dec. 25.15-25.10, Jan. 25.20, March 25.50, May 25.80.

†Wheat—March 435½-436 (436¼), May 450-449 (451¼), July 457-456½, Sept 468½-469½, Dec. 486½-486, March 502½.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

PARIS, February 28.

Cocoa (FFr per 100 kilos)—March 1285, May 1306-1315, July 1325, Sept. 1345-1365, Dec. 1355-1375, March 1380-1385. Sales at call nil.

Sugar (FFr per 100 kilos)—May 2359-2368, Aug. 2397-2400, Oct. 2400-2430, Nov 2400, Dec. 2475-2480, March 2490-2520, May 2500-2550. Sales at call 43.

ROTTERDAM, February 28.

Wheat—U.S. No. 2 Red Winter April $198. U.S. No. 2 Northern Spring, 14 per cent, afloat $201, March $205, May $199, June $201. Rest unquoted.

Maize—U.S. No. 3 Corn Yellow afloat $136, Feb $136.25, March $135.50, April-June $138, July-Sept. $144, Oct.-Dec. $149, Jan.-March $156.50.

Soyabeans—U.S. Two Yellow Gulfports March $268.50, April $272.75, May $276.25, June $280.50, July $283, Aug. $286, Sept. $288.75, Oct. $291, Nov. $290.50, Dec. $297, Jan. $300.50, Feb $307.50, March $310. Brazil Yellow Faq. unquoted. Argentine June $279, July $280.90.

Soyameal—44 per cent protein U.S. afloat $230, March $230.50, April-May-June $231, April-Sept. $235.50, Nov.-March $253.50. Brazil Pellets March $241, April-May $237, April-Sept. $241.50.

INDICES

FINANCIAL TIMES

Feb. 27	Feb. 26	M'nth ago	Year ago
304.13	301.24	308.83	267.55

(Base: July 1, 1952=100)

MOODY'S

Feb. 27	Feb. 26	M'nth ago	Year ago
1395.7	1387.1	1422.9	1063.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 27	Feb. 26	Month ago	Year ago
Spot	426.39	439.20	444.67	387.16
F'tur's	447.67	450.89	460.79	383.95

(Average 1924-25-26=100)

REUTERS

Feb. 28	Feb. 27	M'nth ago	Year ago
1785.4	1783.5	1809.5	1554.5

(Base: September 18, 1931=100)

ICI and Vickers feature further advance in equities

Limited supplies of long tap sold in first-time trade

Account Dealing Dates
Options

*First Dealings	Declara-tions	Last Dealings	Account Day
Feb. 11	Feb. 21	Feb. 22	Mar 3
Feb. 25	Mar. 6	Mar. 7	Mar. 17
Mar. 10	Mar. 20	Mar. 21	Mar. 31

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Leading equities yesterday forged ahead from the start and sentiment was further underpinned by ICI's highly satisfactory dividend payment; the preliminary profits were broadly in line with recent forecasts. Evidence that institutional quarters were still interested in lines of selected good-quality shares caused the bulk of leading industrials to open higher, and further progress was made up to ICI's lunchtime announcement.

For a short while, ICI became reactionary as loose stock came out from short-term operators, but the price eventually went higher to settle near the best of the day. Vickers strengthened in the late trade on the sale for around £30m of an office equipment division of Roneo-Vickers to a French group.

The undoubted feature of the early business was provided by the spectacular debut of **Berkeley Exploration and Production**. The stock was oversubscribed forty times on application and, compared with the issue price of 50p, opened at 115p. Despite spirited attacks of selling, the price improved further and late in the evening settled at 132p, the day's highest. The interest displayed in Berkeley drew fresh attention to many other secondary oils.

Recent economic and labour worries were forgotten by investors as the equity market advanced and the FT 30-share index, helped by the exceptional late rise in Vickers and double-figure rises in ICI and Hawker Siddeley, closed 8.7 up at the session's best of 469.1 for a two-day gain of 15.5.

More reassuring views about next year's Public Sector Borrowing Requirement encouraged Gilt-edged securities and the Government broker was able to sell limited supplies of the new long tap, Treasury 14 per cent 1996 (£20-paid), in first-time dealings yesterday at 20$\frac{1}{16}$.

Switching operations formed a large part of the day's trade at this end of the market with the emphasis turning to ultra-longs from stocks maturing between 1991 to 1993. The shorts began firmly, but when demand faltered the market became preoccupied with rising international interest rates and settled a shade lower on balance.

Helped by ICI which attracted 109 trades on the preliminary results, Traded options recorded 764 deals. This compares with the previous day's 427 and last week's daily average of 521.

Clive Discount weak

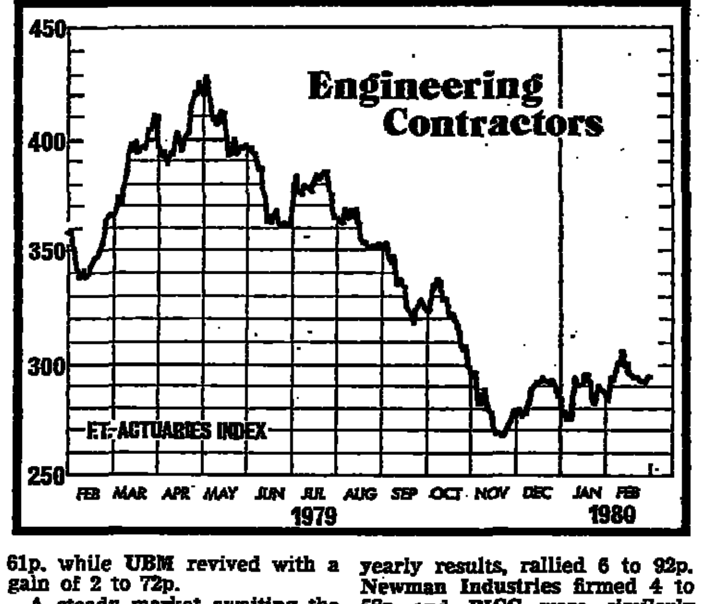
The Banking sector was featured by the late reaction in Discount Houses on Clive's warning of large trading losses and possible dividend cut. Clive dropped 17 to a 1979/80 low of 50p, while **Allen Harvey** and **Ross and Gerrard** shed 10 apiece to 310p and 214p respectively. **Union** gave up 13 to 350p and **Alexanders** 10 to 190p, while **Gillett** dipped 5 to 160p and **Jessel Toynbee** relinquished 4 to 58p.

Interest in Merchant Banks again revolved around **Hambros** which put on 5 to 354p, after 356p, reflecting the company's 8 per cent stake in the buoyant oil counter, Siebens U.K. Among overseas banks, **Hong Kong and Shanghai** attracted a brisk business and touched 207p before settling at 205p for a net gain of 3. Business in the major clearing banks was again disappointing and, after modest progress, prices reverted to overnight levels.

Favourable Press comment on the annual results prompted demand for **General Accident** which rose 14 to 240p. Other Composite Insurances also moved ahead with **Guardian Royal Exchange** and **Phoenix** adding 8 apiece to 244p and 238p respectively. In Life issues, **London and Manchester** were notable for a gain of 4 at 156p.

The EEC ruling against discriminatory taxation for Scotch whisky prompted a useful busines among Distilleries. **Highland**, 133p, and **Distillers**, 205p, both added 5, while **Arthur Bell** rose 4 to 180p. Despite the effects of the duty increases in Wednesday's Irish budget, **Arthur Guinness** firmed a couple of pence to 94p. Other leading Breweries also displayed a firmer appearance with **Bass** improving 3 to 224p.

Armitage Shanks firmed 3 to 101p on the announcement that Blue Circle's offer for the company had attracted acceptances totalling 56.8 per cent; **Blue Circle** finished with a gain of 3 at 308p, after 310p. Conditions elsewhere in the Building sector were again firm with **Tarmac** adding 5 for a two-day gain of 15 to 240p, after 243p, reflecting the company's oil interests. **Costain** issues attracted buyers, the Ordinary firming 4 to 156p and the Deferred 6 to 116p. **Federated Land and Building** hardened 3 to 60p on the company's £5m medium term loan facility. **Brown and Jackson**, reflecting selling that developed late on Wednesday, shed 10 to 175p, but renewed demand in a thin market lifted **Ruberoid** 4 to 61p, while **UBM** revived with a gain of 2 to 72p.



A steady market awaiting the preliminary results, ICI slipped on small offerings to 388p immediately after the announcement before the appearance of a steady stream of buyers lifted the price to 400p for a net gain of 10. **Fisons**, annual results next Wednesday, added 8 to 295p.

Mothercare good again

Leading Stores were again featured by **Mothercare** which rose 10 for a two-day gain of 18 to 238p following favourable Press comment. **Burton** added 5 to a 1979/80 peak of 126p, while **British Home** firmed a like amount to 269p. **UDS** rose 3 to 74p, but comment that an offer from Bats was unlikely clipped a couple of pence from **Debenhams**, 88p. Outside the majors, speculative support was forthcoming for **Lee Cooper**, 297p, and **Martin The Newsagent**, 194p, up 9 and 4 respectively, while **H. Samuel**, 150p, and **Hepworth**, 68p, both added 3. **Bolton Textile**, weak lately following a property sale, closed a penny firmer at 30p.

Among Shoes, **Footwear Industry Investments** eased a couple of pence to 45p following the interim statement.

Racal traded firmly and closed 8 to the good at 224p helped by news that sales of certain Decca assets to Polygram had been finalised. Other movements in the Electrical leaders were limited to a few pence either way. Elsewhere, **Electrocomponents** continued in demand and put on 12 more to 530p, while **Dale Electric**, a poor market recently on the half-yearly results, rallied 6 to 92p. **Newman Industries** firmed 4 to 58p and **BICC** were similarly dearer at 119p.

Engineering leaders were featured by a late advance to 144p, up 18, in **Vickers** in response to the agreed sale of Reprographics Mail Room and associated subsidiaries for an estimated £30m. **Hawker** were also good late, closing 12 higher at 190p following news of the company's agreement to acquire Fasco Industries Inc. of the U.S. **GKN** continued to attract buyers and put on 7 more to 264p, but **Tubes** managed only a modest gain of 2 to 304p. Elsewhere, revived bid hopes left **Anderson Strathclyde** 2 firmer at 64p, after 65p. **Ratcliffs (Great Bridge)** closed a penny harder at 72p, after 74p, following the preliminary figures, but **Meggitt** eased that amount to 22p after the chairman's cautious annual statement.

In Foods, **Associated Biscuit** and **United Biscuits** added 4 apiece to the common price of 91p, following the Annual meeting, **Tate and Lyle** hardened a couple of pence to 158p. **Rowntree Mackintosh** met fresh support and picked up 4 to 162p. Retailers had **J. Sainsbury** 5 higher at 300p and **Fitch Lovell** 4 to the good at 81p. **Hillards** rose 6 for a two-day gain of 10 to 164p in a thin market.

The majority of miscellaneous Industrial leaders edged higher as the day progressed. **Pilkington Bros.** firmed 7 to 230p and **Glaxo** 6 to 256p, while scattered demand lifted **Turner and Newall** 5 to 132p. Elsewhere, reflecting the current boom in Oil shares, **National Carbonising** rose 6 more to 127p and **Hunting Associated** 10 further to 370p. Renewed speculative demand lifted **Howard Tenens** 4 to 79½p, but **Movitex** weakened 6 to 18 on the half-yearly loss and passing of the interim dividend. **Amalgamated Metal**, 290p, and **Bestobell**, 220p, advanced 10 apiece, while demand continued for **English China Clays**, up 5 at 94p. Buyers also showed interest in **Huntleigh** which gained 6 to 90p.

A couple of pence firmer initially, **Ladbroke** reverted to the overnight level of 150p on the announcement that judgment had been reserved on its casino licence renewal appeal hearing. Among other Leisure issues, **Piccadilly Theatre** rose 10 to 94p following the annual general meeting, while **London Entertainments** firmed 5 to 45p, the latter in an extremely thin market. **Campari**, on the other hand, shed 9 to 80p on the disappointing interim statement.

Interest in Properties increased as the session wore on and final quotations were the day's best. **Land Securities** finished with a gain of 3 at 304p, while **Great Portland Estates** put on 12 to a 1979/80 peak of 240p and **Haslemere Estates** added 6 to 306p. **Berkeley Hambro**, 200p, **Stock Conversion**, 374p, **Slough Estates**, 120p, and **Samuel**, 126p, all rose 4, the last-named reflecting the company's North Sea oil interests. **Peachey** and **British Land** improved 3 apiece to 132p and 78p respectively, while **County and District** revived with a gain of 6 to 126p. **G.R.A.** became a good market and put on 1½ to 17¾p while **Town and City** picked up ½ to 19p.

Siebens advance

Oil shares tended to be overshadowed by the hectic dealings in newcommer Berkeley Exploration. Nevertheless, a reasonably lively trade ensued with **Siebens (UK)** moving ahead strongly to 910p on continued speculative demand before settling at 890p for a rise of 42 on the day. On the other hand, **Viking**, in receipt of an agreed bid from Deminex, reacted 50 to 930p, while further profit-taking after the recent advance on bid talk brought **Burmah** back 3 more to 237p. **Lasmo OPS** were good at 950p, up 25. Among the leaders, **BP** ended a few pence cheaper at 396p, while **Shell** finished without alteration at 392p.

Scattered support developed for Overseas Traders. **James Finlay** rose 5 to 89p, while **Ocean Wilsons**, 87p, **S. and W. Berisford**, 158p, and **Sime Darby**, 90p, all added a few pence. **Lonrho** closed 2 better for a two-day gain of 9 at 107p, but **William Jacks** shed a penny to 39p, the latter following the annual results.

Good gains in Mines

Most sections of mining markets made good progress. Australians took Wednesday's rally a stage further as another strong performance by overnight domestic markets encouraged renewed investment and speculative support. Recent good gains in base-metals also boosted sentiment in the sector.

Among the leaders, **Pancontinental** put on 20 to 400p, **Conzinc Riotinto** 14 more to 310p for a two-day gain of 30, **Peko-Wallsend** 15 to 440p and **MIM Holdings** 4 to 270p. **Cons. Gold Fields Australia** were in particular demand and advanced 50 to 405p on further consideration of the increased half-year profits and dividend and on the drilling results from the Porgera gold prospect in Papua New Guinea.

The Rundle oil-hale partners became active following news that **Esso Exploration Australia** is to enter immediate joint venture negotiations. **Central Pacific** touched £26 before closing ¼ firmer at £25¼ while **Southern Pacific** put on 13 to 975p, after £10.

In diamonds **Ashton Mining** added 3to 149p and **Northern Mining** 8 to 132p. At the speculative end of the market **Lennard Oil** climbed 13 to 95p, **Cultus Pacific** 9 to a 1979-80 high of 39p and **Metals Exploration** 5 to 61p.

Persistent small buying and short covering in a thin market produced substantial gains in Golds although the market tended to ease towards the close on U.S. profit taking. The Gold Mines index moved up for the third consecutive day to register a 21.0 rise at 372.0.

A good turnover was reported in Tins following the continuing firmness of the metal price in London and Penang.

Among the Cornish producers **Geevor** were outstanding and finally another 25 better at a high of 225p while **Saint Piran** added 8 to 70p. **South Crofty** hardened to 43p.

Good gains in Singapore encouraged a fair demand for Malaysians. **Southern Kinta** rose 15 to 255p and **Tronoh** a similar amount to 275p.

FINANCIAL TIMES STOCK INDICES

	Feb. 28	Feb. 27	Feb. 26	Feb. 25	Feb. 22	Feb. 21	A year ago
Government Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fixed Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrial	469.1	460.4	453.6	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	372.0	351.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earnings, Yld. % (full)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net) (*)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total bargains	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	78.91 (4/6)	65.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	272.0 (25/2/80)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 28	Feb. 27
—Daily		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-d'y Av'r'ge		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (79)

BANKS (1)
U.D.T.

BUILDINGS (4)
Tarmac, Tunnel B, Aberthaw Cement, Ward Holdings

CHEMICALS (1)
Rentokil

STORES
Burton Group, Lee Cooper, [illegible]

ELECTRICALS
Decca, Do. A, [illegible]

ENGINEERING
Dobson, [illegible]

FOODS
Clifford's Dairies, [illegible]

INDUSTRIALS
Aeronautical Genl., Blundell-Permoglaze, Dom Hldgs., Dundonian, Esselte AB, Hay's Wharf, [illegible]

INSURANCE
Sun Life, [illegible]

MOTORS
Plaxton's

NEWSPAPERS
E. Midland Allied A

PROPERTY
Aask, Bradford Prop., Great Portland, Green (R.), [illegible]

SHIPPING
Fisher (J.)

TRUSTS
Berry Trust, Stanhope Gen., Fashion & Genl., Hampton Trust, [illegible]

OIL & GAS
Cambridge Petrol., Carless Capel, Ranger Oil, [illegible]

MINES
Durban Deep, Bracken, Blyvoor., Doornfontein, Hartebeest, Kloof Gold, Libanon, Stilfontein, Zandpan, Harmony, [illegible]

NEW LOWS (17)

AMERICANS (3)
[illegible]

CANADIANS
[illegible]

BANKS
Alexanders, Clive Discount, [illegible]

CHEMICALS
Ciba Geigy, [illegible]

ENGINEERING (1)
[illegible]

INDUSTRIALS (1)
[illegible]

INSURANCE (1)
[illegible]

NEWSPAPERS (1)
[illegible]

TEXTILES (1)
Snia Viscosa

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	360	—	—	72	5	84	5	397p
BP	375	36	2	—	—	—	—	
BP	400	24	56	—	[illegible]	[illegible]	[illegible]	
BP	420	—	—	42	[illegible]	[illegible]	[illegible]	
Com. Union	140	7	10	11	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	460	74	3	102	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	550	18	13	48	[illegible]	[illegible]	[illegible]	
Courtaulds	70	7	5	11	[illegible]	[illegible]	[illegible]	[illegible]
GEC	360	36	—	54	[illegible]	[illegible]	[illegible]	[illegible]
GEC	390	17	—	37	[illegible]	[illegible]	[illegible]	
Grand Met.	120	17½	20	24	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	140	5½	32	11	[illegible]	[illegible]	[illegible]	
ICI	360	41	33	60	[illegible]	[illegible]	[illegible]	[illegible]
ICI	390	21	8	39	[illegible]	[illegible]	[illegible]	
ICI	420	16	42	25	[illegible]	[illegible]	[illegible]	
Land Secs.	280	36	13	45	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	300	21	5	33	[illegible]	[illegible]	[illegible]	
Land Secs.	330	6	81	17	[illegible]	[illegible]	[illegible]	
Marks & Sp.	80	19	4	21	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	90	11	16	14	[illegible]	[illegible]	[illegible]	
Marks & Sp.	100	5	28	8½	[illegible]	[illegible]	[illegible]	
Marks & Sp.	110	2½	20	4½	[illegible]	[illegible]	[illegible]	
Marks & Sp.	120	1	2	—	[illegible]	[illegible]	[illegible]	
Shell	360	34	15	58	[illegible]	[illegible]	[illegible]	[illegible]
Shell	390	20	37	36	[illegible]	[illegible]	[illegible]	
Totals			445		[illegible]		[illegible]	

Option	Ex'rcise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
Boots	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imperial Gp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal Elec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal Elec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal Elec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal Elec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals			[illegible]		[illegible]		[illegible]	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial & Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Feb. 28, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Feb. 27 Index No.	Tues., Feb. 26 Index No.	Mon., Feb. 25 Index No.	Fri., Feb. 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	247.78	+1.2	17.70	6.33	7.12	244.84	241.43	241.11	240.53	237.95
2	Building Materials (27)	243.26	+1.5	16.32	6.45	7.82	239.61	234.31	235.29	235.08	213.13
3	Contracting, Construction (29)	374.57	+1.4	25.31	6.50	4.90	369.42	364.94	363.66	365.20	358.36
4	Electricals (15)	632.87	+0.1	12.75	3.92	10.45	632.35	626.27	626.74	620.25	568.43
5	Engineering Contractors (11)	294.92	+0.4	25.11	8.68	5.07	293.63	292.16	293.27	295.48	366.37
6	Mechanical Engineering (74)	171.38	+2.0	20.04	7.61	6.19	167.96	166.09	165.62	165.79	182.46
8	Metals and Metal Forming (16)	168.62	+2.0	20.64	9.18	5.76	165.30	161.88	159.64	159.92	162.19
11	CONSUMER GOODS (DURABLE) (50)	225.66	+1.1	15.81	5.42	7.79	223.19	220.47	220.23	218.79	217.38
12	Lt. Electronics, Radio, TV (15)	320.19	+1.2	12.02	4.02	10.68	316.51	311.97	310.34	307.46	286.49
13	Household Goods (14)	112.24	+1.2	27.17	9.77	4.40	110.90	108.79	110.97	111.33	158.72
14	Motors and Distributors (21)	112.46	+0.9	23.68	8.29	4.96	111.43	110.89	111.50	111.34	118.41
21	CONSUMER GOODS (NON-DURABLE) (173)	225.12	+1.2	17.99	6.77	6.85	222.54	220.86	219.02	219.12	219.95
22	Breweries (14)	271.76	+1.2	16.44	6.43	7.14	268.43	268.34	264.37	263.64	232.49
23	Wines and Spirits (5)	304.29	+2.6	17.84	6.09	6.92	296.73	293.41	290.96	289.16	310.00
24	Entertainment, Catering (17)	307.55	+1.9	18.01	6.83	6.93	301.81	298.34	298.49	304.80	292.34
25	Food Manufacturing (19)	202.10	+0.9	20.19	7.21	6.12	200.37	199.93	200.24	201.25	209.65
26	Food Retailing (15)	309.43	+0.9	13.42	4.85	8.90	306.58	304.00	300.75	298.52	251.30
32	Newspapers, Publishing (13)	444.77	—	22.69	6.75	6.01	444.73	444.42	443.26	443.73	399.39
33	Packaging and Paper (15)	132.69	+1.1	22.44	8.56	5.73	131.29	130.67	129.05	129.25	140.36
34	Stores (43)	226.56	+1.3	13.58	5.03	9.52	223.55	220.59	218.05	216.37	204.13
35	Textiles (24)	131.96	+1.2	27.31	11.63	4.63	130.38	129.78	129.79	128.89	175.89
36	Tobaccos (3)	207.81	−0.1	27.94	11.32	4.06	207.99	207.09	204.10	208.16	256.59
37	Toys and Games (5)	38.55	−0.8	39.01	13.16	3.16	38.84	38.76	38.61	38.66	94.52
41	OTHER GROUPS (97)	212.89	+1.5	14.95	6.38	8.10	209.82	208.87	208.13	207.87	203.70
42	Chemicals (17)	315.59	+2.1	15.57	6.39	7.41	309.20	307.56	308.94	308.12	291.29
43	Pharmaceutical Products (7)	215.25	+1.7	11.83	5.94	10.31	211.74	212.05	210.72	209.98	250.81
44	Office Equipment (6)	122.34	+1.7	17.28	6.68	6.73	120.31	118.63	118.57	119.30	132.07
45	Shipping (10)	487.76	+1.2	10.85	6.62	11.76	481.91	477.97	473.11	468.67	426.65
46	Miscellaneous (57)	249.75	+0.8	16.16	6.47	7.84	247.78	246.75	244.46	244.79	221.19
49	INDUSTRIAL GROUP (492)	235.21	+1.2	17.02	6.46	7.26	232.33	230.29	229.17	228.89	227.35
51	Oils (8)	821.81	−0.2	13.67	5.80	7.90	823.84	805.42	817.46	806.95	574.51
59	500 SHARE INDEX	281.43	+0.9	16.28	6.32	7.39	278.98	275.60	275.47	274.41	255.78
61	FINANCIAL GROUP (117)	200.17	+0.9	—	5.72	—	198.32	197.05	196.62	194.59	182.62
62	Banks (6)	228.69	+0.1	38.04	6.22	3.23	228.48	227.77	232.16	229.59	222.39
63	Discount Houses (10)	213.44	−5.6	—	9.35	—	226.02	223.56	224.12	226.20	232.22
64	Hire Purchase (5)	189.10	+1.9	17.58	5.03	7.41	185.49	185.35	183.27	184.71	168.33
65	Insurance (Life) (10)	177.53	+0.5	—	5.92	—	176.62	172.02	169.72	168.38	133.17
66	Insurance (Composite) (9)	129.08	+2.2	—	7.61	—	126.28	126.26	125.75	123.20	126.94
67	Insurance Brokers (10)	292.75	+0.7	16.84	6.70	8.53	290.61	287.64	283.00	279.32	313.57
68	Merchant Banks (14)	104.74	+0.3	—	5.78	—	104.38	103.60	103.30	103.80	81.98
69	Property (44)	373.60	+1.5	3.59	2.95	39.97	367.90	365.63	359.85	357.31	313.58
70	Miscellaneous (9)	131.82	+0.1	15.76	6.89	8.33	131.69	131.26	131.54	130.35	117.75
71	Investment Trusts (109)	226.22	+0.8	—	5.70	—	224.47	223.66	223.79	225.79	213.68
81	Mining Finance (4)	219.45	+1.1	10.50	4.03	11.56	217.13	217.09	213.25	216.52	123.98
91	Overseas Traders (20)	417.66	+0.7	12.14	6.44	10.09	414.82	407.84	403.67	407.93	342.61
99	ALL-SHARE INDEX (750)	262.98	+0.9	—	6.11	—	260.62	257.97	257.58	256.73	236.35

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Feb. 28	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	100.11	+0.00	—	2.30
2	5-15 years	103.66	+0.15	—	2.00
3	Over 15 years	107.94	+0.30	—	1.99
4	Irredeemables	125.71	−0.20	—	1.45
5	All stocks	103.69	+0.15	—	2.06

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Thurs., Feb. 28	Wed., Feb. 27	Year ago (approx.)
1	Low Coupons	5 years	12.99	13.00	9.55
2		15 years	12.85	12.88	11.24
3		25 years	12.85	12.88	11.99
4	Medium Coupons	5 years	14.93	14.91	12.08
5		15 years	14.43	14.45	12.59
6		25 years	14.20	14.25	12.62
7	High Coupons	5 years	15.07	15.05	12.45
8		15 years	14.75	14.78	13.07
9		25 years	14.63	14.69	13.14
10	Irredeemables		11.73	11.70	11.32

		Thurs., Feb. 28 Index No.	Thurs., Feb. 28 Yield %	Wed. Feb. 27	Tues. Feb. 26	Mon. Feb. 25	Fri. Feb. 22	Thurs. Feb. 21	Wed. Feb. 20	Tues. Feb. 19	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	50.85	†14.55	50.84	50.83	50.77	51.01	51.02	51.04	51.05	53.46
16	Investment Trust Prefs. (15)	47.89	14.04	47.89	48.09	48.09	48.22	48.31	48.36	48.34	49.80
17	Coml. and Indl. Prefs. (20)	61.60	14.56	61.53	61.65	61.65	61.68	61.58	61.61	61.70	68.69

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

	Denomination	No. of changes	Closing price (p)	Change on day	1979-80 high	1979-80 low
BP	25p	9	396	−2	414	220½
Howard Tenens	25p	9	79½	+4½	79½	23½
ICI	£1	8	400	+10	415	314
Shell Transport	25p	8	392	—	402	278
Ultramar	25p	8	520	+10	522	197
UDT	25p	8	55	+1	55	32
KCA Intl.	25p	7	70	+1	76	28
LASMO	25p	7	500	+7	512	124
Marks & Spencer	25p	7	96	—	134	76
BAT Inds.	25p	6	246	+1	362	230
Brit. Home Stores	25p	6	269	+5	293	172
Debenhams	25p	6	88	−2	98	59
GUS "A"	25p	6	394	+6	448	288
Imp. Cont. Gas	£1	6	750	+2	773	358
Racal Electronics	25p	6	224	+8	276	168½

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 18	Feb. 29	May 29	Jun. 9
Mar. 3	Mar. 14	Jun. 12	Jun. 23
Mar. 17	Mar. 28	Jun. 26	Jul. 7

For rate indications see end of Share Information Service

Calls were made in Lonrho, Camrex, UDT, Montague L. Meyer, Burmah, BP, Shell Transport, Conzinc Riotino, Hongkong and Shanghai Banking, Town and City, Sears, Readicut, Cadbury Schweppes, Coral Leisure and Premier Oil. A put was completed in Dunlop, while doubles arranged included Christopher Moran, Lonrho, Lesney, Burmah, Fobel International, Clyde Petroleum and Keyser Ullmann.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
50	[illegible]	[illegible]	[illegible]	[illegible]	Berkeley Exploration	132	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
£1	[illegible]	[illegible]	[illegible]	[illegible]	Child Health Res'ch	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§80	[illegible]	[illegible]	[illegible]	[illegible]	Emess Lighting	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	[illegible]	[illegible]	[illegible]	[illegible]	Keep Inv. Trust 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
**	[illegible]	[illegible]	[illegible]	[illegible]	Lon.Merc'Secs.Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	[illegible]	[illegible]	[illegible]	[illegible]	Roche Plant 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Aurora 5.85% Cum. Pref.	[illegible]	[illegible]
‖120p	[illegible]	[illegible]	[illegible]	[illegible]	Clifford (Chas.) 12% Cum. Pref.	[illegible]	[illegible]
¶	[illegible]	[illegible]	[illegible]	[illegible]	Felixstowe Dock 9¾% Cum Red Pref.	[illegible]	[illegible]
—	[illegible]	[illegible]	[illegible]	[illegible]	Globe Inv Tst 11¼% Conv Uns Ln 90-95	[illegible]	[illegible]
**	[illegible]	[illegible]	[illegible]	[illegible]	Hewitt (J.) 10% Cum. Pref.	[illegible]	[illegible]
¶	[illegible]	[illegible]	[illegible]	[illegible]	Mid Kent Water 9% Red Pref. 1985	[illegible]	[illegible]
¶	[illegible]	[illegible]	[illegible]	[illegible]	Rk'n'nw'h & Uxbridge Wtr. 9% Red Pf 1985	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −
$23.50	Nil	[illegible]	[illegible]	[illegible]	Bank of Montreal	[illegible]	[illegible]
330	Nil	[illegible]	[illegible]	[illegible]	Cluff Oil	[illegible]	[illegible]
33½	[illegible]	[illegible]	[illegible]	[illegible]	Elson & Robbins	[illegible]	[illegible]
40	F.P.	[illegible]	[illegible]	[illegible]	Hammerson Prop. A	[illegible]	[illegible]
60	[illegible]	[illegible]	[illegible]	[illegible]	Pancontinental	[illegible]	[illegible]
60cts	[illegible]	[illegible]	[illegible]	[illegible]	Paringa	[illegible]	[illegible]
25	[illegible]	[illegible]	[illegible]	[illegible]	Premier Cons. Oilfields	[illegible]	[illegible]
25p	[illegible]	[illegible]	[illegible]	[illegible]	Rand London Coal Units	[illegible]	[illegible]
R3.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating prf. shares and 1 ord. share at £2.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs. [illegible]

Lloyds International Mngmt. S.A. [illegible]

M & G Group [illegible]

Midland Bank Tst. Corp. (Jersey) Ltd. [illegible]

Samuel Montagu Ldn. Agents [illegible]

Murray, Johnstone (Inv. Adviser) [illegible]

Negit S.A. [illegible]

Negit Ltd. [illegible]

Nat. Westminster Jersey Fd. Mgrs. Ltd. [illegible]

Pacific Basin Fund [illegible]

Phoenix International [illegible]

Providence Capitol Life Ass. (C.I.) Ltd. [illegible]

Rothschild Asset Mgt. (Bermuda) [illegible]

Royal Trust (C.I.) Fd. Mgt. Ltd. [illegible]

Save & Prosper International [illegible]

Schlesinger International Mngt. Ltd. [illegible]

Schroder Life Group [illegible]

J. Henry Schroder Wagg & Co. Ltd. [illegible]

Sentry Assurance International Ltd. [illegible]

Singer & Friedlander Ldn. Agents [illegible]

Stronghold Management Limited [illegible]

Surinvest (Jersey) Ltd. [illegible]

Surinvest Trust Managers Ltd. [illegible]

TSB Unit Trust Managers (C.I.) Ltd. [illegible]

TSB Gilt Fund Managers (C.I.) Ltd. [illegible]

Tokyo Pacific Holdings N.V. [illegible]

Tokyo Pacific Hldgs. (Seaboard) N.V. [illegible]

Tyndall Group [illegible]

Utd. Intnl. Mngmnt. (C.I.) Ltd. [illegible]

Union-Investment-Gesellschaft mbH [illegible]

S. G. Warburg & Co. Ltd. [illegible]

Warburg Invest. Mngt. Jrsy. Ltd. [illegible]

World Wide Growth Management [illegible]

Wren Commodity Trust [illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	48.1	50.9	−0.5	1.96
Abbey Capital	36.9	39.8	+0.4	5.55
Abbey General	48.2	51.5	+0.6	5.75
Abbey Gilt & F.I. Tst.	99.1	105.4	+0.1	4.74
Abbey Income	42.3	45.7	+0.3	8.43
Abbey Intl. Bd. Tst.	90.9	95.2	−0.6	5.78
Abbey Inv. Tst. Fnd.	38.2	41.2	+0.1	5.75
Equitas Prog. Trust	71.3	77.1	+0.5	5.64

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref	89.6	94.4xd	−0.5	13.35

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	77.4	82.8xd	+0.8	5.80
Brit. Inds. Fund	70.7	75.6	+0.6	5.95
Growth & Income	42.4	45.4	+0.6	5.65
Elect. & Ind. Dev.	39.0	41.7	+0.3	5.04
Allied Capital	79.5	85.1	+0.8	5.17
Hambro Fund	120.9	129.4	+1.1	5.68
Hambro Acc. Fund	147.9	158.2	+1.7	5.31
Income Funds				
High Yield Fd.	69.8	74.7xd	+0.5	9.91
High Income	73.1	78.2	+0.7	7.54
A. H. Eq. Inc.	42.0	44.9xd	+0.4	7.77
International Funds				
International	28.8	30.8xd	....	3.52
Pacific Fund	46.9	50.2	+0.7	2.46
Secs. Of America	59.3	63.5	−0.3	2.20
Specialist Funds				
Smaller Co.'s Fd.	48.7	52.1	+0.1	4.51
2nd Smlr. Co's Fd.	58.5	62.8	+0.2	4.56
Recovery Sits.	117.8	126.0	+1.1	6.15
Met. Min. & C'dty.	61.6	65.9	+0.6	4.48
Overseas Earnings	60.3	64.5	+0.8	5.27
Exempt Funds				
Far East Exempt	53.0	55.1	+0.2	3.21
Smaller Co. Exempt	75.5	79.3	+0.2	4.92
U.S.A. Exempt	105.4	109.6	−0.5	3.19

Anderson Unit Trust Managers Ltd.
156, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	57.7	62.2	....	5.49

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	155.0	165.0xd	....	12.40

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

High Yield	45.5	49.3	+1.0	10.88
(Accum. Units)	73.1	79.5	+1.7	10.88
Extra Income Fd	97.7	106.3	+0.3	10.92
(Accum. Units)	105.8	115.1	+0.4	10.92
High Inc. Fund	36.9	40.2xd	+0.3	10.92
(Accum. Units)	57.9	63.0xd	+0.5	10.92
(8½% W'drwl. Uts.)	48.9	53.2xd	+0.4	11.06
Preference Fund	22.1	24.1	....	13.73
(Accum. Units)	39.5	43.0	....	13.73
Capital Fund†	24.4	26.3	....	—
Commodity Fund***	83.0	89.6	....	3.12
(Accum. Units)	125.7	135.7	+0.1	3.12
(10% W'drwl. U.)	66.5	71.8	....	3.12
Fin. & Prop. Fd.*	20.2	21.8	....	4.98
Giants Fund	38.8	41.9	+0.4	4.08
(Accum. Units)	48.6	52.4	+0.4	4.08
Growth Fund	36.2	39.0	+0.2	2.21
(Accum. Units)	45.8	49.4	+0.3	2.21
Smaller Co's Fd*	29.8	32.4	....	4.49
Eastern & Intl. Fd†	30.3	33.0	....	1.00
(6% W'drwl. Uts.)	22.1	24.1	....	1.00
Foreign Fund**	103.5	112.6	....	1.55
N. Amer. & Int. Fd††	29.7	32.0	....	1.00
Gilt & Fixed Int.*	40.2	44.1	....	6.34
(Accum. Units)	41.2	45.2	....	6.36

Dealings. †Tues. *Wed. ††Thurs. **Second Thurs. in month. ***Weekly dealing day Friday.

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. Feb. 22	213.0	227.2	....	5.24

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.7	19.6xd	....	7.07
Gt. Winchester O'seas	20.8	23.1xd	....	4.78

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	76.4	82.2	....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	77.3	81.3	+0.9	4.92

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	26.4	27.8	−0.3	1.00
Fixed Interest	25.2	26.6	....	12.10
Growth + Income	29.6	31.2	+0.2	7.5
Special Sits.	30.1	31.7	+0.5	3.00

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	28.4	30.5	....	2.22
Accum. Units	34.5	37.1	....	2.22
J. Finlay High Income	33.9	36.4	....	9.34
J. Finlay Euro. Fin.	22.4	24.1	....	3.57
Accum. Units	27.7	29.7	....	3.57
J. Finlay Fd. In. Tst.	32.1	34.5	....	5.34
Accum. Units	38.7	41.7	....	5.34

Prices on February 27. Next dealing March 5.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	53.0	56.2	....	1.29
American Turnaround	53.4	56.6	....	2.00
Capital Tst.	54.4	57.8	+0.2	4.70
(Accum. Units)	54.4	57.8	+0.2	4.70
Extra Income Trust	49.0	52.0	+0.6	10.10
Income Tst.	38.4	40.8	+0.4	8.16
Int. Growth Fd.	44.4	47.2	....	2.13
(Accum. Units)	47.0	50.0	+0.2	2.13

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	50.4	53.9	+0.6	4.72
Do. Accum.	69.4	74.2	+0.7	4.72

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Feb. 14	122.4	122.9	....	4.72
Gross Inc. Feb. 14	77.6	81.4	....	10.81
High Yield Feb. 14	90.5	93.5	....	9.66

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	120.1	127.7	....	3.20
Do. Acc.	151.0	160.6	....	3.20
G.T. Inc. Fd. Un.	185.5	197.3	....	7.90
G.T. U.S. & Gen.	154.8	164.6	....	2.20
GT Wld. Bd. Fd.	95.2	97.8	....	5.70
G.T. Japan & Gen.	70.2	74.2	....	2.80
♦Gt. Pens. Ex. Fd.	256.2	268.9	....	2.60
G.T. Int'l. Fund	195.7	208.1	....	1.70
G.T. Four Yds. Fd.	51.9	55.2	....	7.80
G.T. Far East & Gen.	54.2	58.2	....	2.50

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	37.7	40.3	+0.4	5.16

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	29.7	32.0	+0.5	0.76
British Tst. (Acc.)	64.2	69.1	+0.2	4.46
Commodity Share	43.0	46.3	+1.2	2.75
Extra Income Tst.	23.8	25.6	−0.3	9.16
Far East Trust	35.1	37.8	+0.7	2.80
High Income Tst.	56.7	61.0xd	+0.7	9.99
Income Fund	78.7	84.7xd	+1.1	6.95
Ins. Agencies	£15.78	16.75	+0.20	4.35
Intl. Exempt Fd.	98.0	106.8	+1.3	6.68
Intl. Tst. (Acc.)	37.1	39.9	−0.9	1.04
Special Sits. Tst.	29.9	31.5	....	2.54

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	28.3	30.8xd	+0.2	10.20
Income	47.9	46.7	+0.5	9.40
Accumulation	76.4	83.1	+0.2	4.00
Growth	44.7	48.6	−0.3	4.40
UK Mkt. Leaders	49.6	53.6	+0.9	4.00
Small Co's	41.7	45.3xd	....	6.20
Technology	66.1	71.9	+0.9	3.40
Private	44.6	48.5xd	−0.5	4.60
Intl. Ems. & Assets	52.0	56.6	+0.5	3.00
American	26.9	29.0	−0.2	2.20

INSURANCE PROPERTY BONDS

Vanbrugh Pensions Limited
41-43, Maddox St., Ldn., W1R 9LA 01-499 4923

Managed	122.7	129.2	+0.9	—
Equity	134.2	141.3	+2.6	—
Fixed Interest	115.9	122.0	+0.2	—
Property	122.3	128.8	....	—
Guaranteed		15.62	....	—

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		112.0	....	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Plan Units	92.0	96.7	....	—
FutureAssd. Gth(a)		75.0	....	—
FutureAssd. Gth(b)		52.0	....	—
Ret. Assd. Pens.		£29.08	....	—
Flex. Inv. Growth	112.90	118.8	....	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$13625	138.36	....	1.37

Next dealing February 29.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$11.24		....	—

Net asset value Feb. 19.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£11.35	11.57xd	+0.03	14.01

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	121.0	125.0	....	6.00

Next dealing March 3.

Gov't Secs. Tst.	80.6	84.1xd	....	15.16

Inv. Svgs. 'B' 1.49 1.54

Prices on Feb. 26. Next dealing Feb. 27.
†Excludes initial charge on small orders.

Henderson Baring Group
605, Gammon House, Hong Kong.

Japan Fd. *Feb. 27	US$16.29	17.00	−0.57	—
Japan Tech. Feb. 25	US$9.664		....	—
Pacific Fd. Feb. 27	US$12.622		−0.38	—
Bond Fd. Feb. 21	US$10.336		....	8.00

PO Box 71, 7 New St., Peter Port, Guernsey, CI.

Gilt Fd.	£9.39	9.48	−0.01	13.43

*Inclusive of Preliminary charge.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.

Guernsey Tst.	165.0	176.5	+3.6	3.98

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381.

HS Channel Is. Fd.	128.5	137.0	....	3.25
H S. Fixed Int. Fd.	88.0	92.0xd	....	12.00

Box 2622, Berne, Switzerland. Telex 33425.

H S. Overseas Fd.	US$21.23	22.08	−0.24	—
CSF Fd. (Acc.)	SF16.47	16.82	−0.10	—
Crossbow Fd. (Acc.)	SF4.08	4.16	+0.02	—
ITF Fd. (Acc.)	US$11.49	11.71	−0.05	—

N.V. Interbeheer
P.O. Box 526, Delft, Holland

Esmeralda Iz. Pr. DFL	US$52.48		+0.06	—

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.

Javelin Equity Tst.	A$3.31	3.45	....	—

J.E.T. Managers (Jersey) Ltd.
P.O. Box 98, Channel House, Jersey. 0534 73673

Jersey Extrnl. Tst.	£1.65	1.77	....	—

As at Jan. 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$450.09		....	—
Jardine J'pn. Fd.*	HK$545.52		−5.00	1.1
Jardine S.E.A.	US$25.15		−1.76	—
Jardine Flem. Int.	HK$17.05		−0.72	—
Jardine Securities	HK$14.90		....	—
Intl Pac. Secs. (Inc.)	HK$14.69		−0.41	1.20
Do. (Accum.)	HK$15.11		−0.43	—

NAV Jan. 15 *US$70.41.
Next sub. day Feb. 29.

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.

L.J. Sterling Fund	£11.07	11.08	....	—

Kemp-Gee Managemt. Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73741

NOTES

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

103¾	96	FFI 13pc 1981	97	......	13.40	16.53
108¼	93½	Do. 14pc '83	99¼	......	14.77	15.35
86½	77½	ICFC 5½pc Deb. '80-82	75¾xd	......	6.88	15.32
85	69	Do. 6¼pcDb. '81-84	75	-½	8.31	15.00
99	79½	Do. 10½pc Uns.Ln. '86	83½	......	12.66	14.90
99	77	Do. 11pc Uns.Ln. '88	84	......	13.36	14.40
101½	80	Do. 11¼pc Uns.Ln. '90	83½	......	14.03	14.90
72½	54½	Do. 7¼pcADeb. '89-92	53½	......	22.05	14.95
69	51½	Do. 7¼pcA Db. '91-94	55xd	......	13.18	14.95
72	64	Do.5pc'A' '91-94	65xd	......	13.35	15.00
78½	61	Do.8¾pcLn. '92-97	62½xd	......	14.20	14.55
102	85	Do.12pc. Uns.Ln.1992	85xd	......	14.53	15.00

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
430	97	Coronation	385	+15	Q54c	2.2	8.0
680	132	Falcon Rh.50c	625	......	Q100c	1.7	11.0
48	11	Rhod'n Corp. 16⅔p	39	−1	0.56	6.5	2.0
267	70	Roan Cons. K4	215xd	−7	†Q0.12	ϕ	3.5
67	26	Wankie Col. Rh.1	62	+3	Q9c	1.5	10.0
57	9	Zam.Cpr.SBD0.24	46	......	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	18	Acmex 50c	23	......	—	—	—
24	4	ACM 20c	17	......	—	—	—
115	50	Bond Corp.	104	−1	Q3.75	2.2	1.8
234	100	Bougainville 50 Toea	214	+2	‡Q39½c	ϕ	9.7
265	84	BH South 50c	225	......	←	—	—
12	11½	Canada Northwest	12	......	—	—	—
54	8	Carr Boyd 20c	36	+2	—	—	—
£26	340	Central Pacific	£25½	+¼	—	—	—
356	170	Conzinc Riotinto 50c.	310	+14	Q15c	ϕ	2.5
39	14	Cultus Pacific N.L.	39	+9	—	—	—
*50	2½	Eagle Corp. 10c	30	......	—	—	—
26¾	11	Endeavour 20c	21¼	......	—	—	—
258	62	G. M. Kalgoorlie 25c	225	+3	†Q3c	—	0.7
340	148	Hampton Areas 5p.	340	......	3.5	2.8	1.5
75	20	Haoma Gold N.L.	40	+2	—	—	—
72	25	Metals Ex. 50c	61	+5	—	—	—
314	134	M.I.M. Hldgs. 50c	270	+4	†‡Q16.1c	1.8	3.0
35	15	Minefields Expl.	35	......	—	—	—
155	30	Mount Lyell 25c	124	+4	—	—	—
44	13	Newmetal 20c	17	−1	—	—	—
210	91	††North B. Hill 50c	182	+5	Q12c	1.4	3.4
80	7½	Nth. Kalgurli	67	+3	—	—	—
165	45	Nth. Mining Corp.	132	+8	—	—	—
71	18	N. West Mining N.L.	33	+2	—	—	—
235	76	Oakbridge $A1	184	......	Q12c	4.7	3.3
122	22	Oilmin N. L.	103	......	—	—	—
230	58	Pacific Copper	230	+6	—	—	—
*575	125	Pancont'l 25c	400	+20	—	—	—
*78	2	Paringa M&Ex.5p	72	+4	—	—	—
495	248½	Peko-Wallsend 50c.	440	+25	†Q17.5c	ϕ	2.0
230	125	Seltrust A	220	......	—	—	—
£10½	145	Southern Pacific	975	+13	—	—	—
*75	8½	Swan Resources 20c.	70	+5	—	—	—
16	12	West Coast 25c	13	......	—	—	—
268	121	Westn. Mining 50c.	240	+3	†Q7c	1.6	1.6
30	8	Westmex	20	......	—	—	—
94	40	Whim Creek 20c.	75	+2	—	—	—
25	10½	York Resources	16	......	—	—	—

TINS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	26	......	t6.0	1.9	33.0
435	265	Ayer Hitam $M1	325	+10	Q290c	0.9	18.2
72	48	Beralt Tin	59	......	4.5	ϕ	10.9
270	149½	Berjuntai $M1	180	+5	‡Q95c	1.0	‡
225	125	Geevor	225	+25	8.71	3.1	5.5
11	8	Gold & Base 12½p	10	......	—	—	—
365	295	Gopeng Cons.	365	+5	25.0	1.8	9.8
370	289	Hongkong	300	......	35.87	ϕ	17.1
100	64	Idris 10p	100	+3	Z8.0	ϕ	11.4
15	9½	Jantar 12½p	14	......	—	—	—
95	38	Kamunting $M0.50	77	+2	Q47½c	1.1	13.8
620	210	Killinghall $M1	320	......	ZQ60c	—	3.8
610	365	Malay Dredging $M1	610	+5	†Q105c	2.6	3.5
57	26	Pahang	32	......	0.44	0.3	2.0
123	60	Pengkalen 10p	97	......	6.0	1.3	8.8
275	195	Petaling $M1	265	......	Q150c	1.4	11.5
87	53	Saint Piran	70	+8	‡2.5	6.4	‡
58	34	South Crofty 10p	43	+1	‡3.0	2.0	‡
255	170	South Kinta $M0.50.	255	+15	Q150c	1.0	12.0
430	285	Sthn Malayan $M1	390	+10	Q175c	2.1	9.1
310	210	Sungei Besi $M1.	295	+5	†Q520c	1.0	36.0
75	25	Supreme Corp. $M1.	38	......	ZQ10c	—	5.4
105	93	Tanjong 15p	95	......	Z4.5	ϕ	6.8
115	80	Tongkah H. Tin	80	......	Q45c	1.3	12.6
280	190	Tronoh $M1	275	+15	†Q25c	5.2	1.8

COPPER

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
230	56	Messina R0.50	217	+2	Q10c	ϕ	2.6

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
160	78½	Anglo-Dominion	152	......	—	—	—
97	54	Barymin	95	−1	—	—	—
14½	10	Burma Mines 17½p	14½	......	—	—	—
502	170	Cons. Murch. 10c.	450	+15	Q100c	ϕ	12.7
585	280	Northgate C$1	490	+10	—	—	—
492	226	R.T.Z.	445	+7	†11.5	3.4	3.7
31	12	Robert Mines	23	......	—	—	—
65	26	Sabina Inds. C$1.	46	−2	—	—	—
880	470	Tara Exptn. $1	600	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ✱ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	28	......
Bertam	18	......
Bdg'wtr. Est. 50p	375	+20
Clover Croft	60	......
Craig & Rose £1	£11¼	......
Dyson (R. A.) A	15	......
Fife Forge	36	−2
Finlay Pkg. 5p	22	+3
Graig Ship. £1	£12¼	......
Higsons Brew	80	......
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	150	......
Pearce (C. H.)	395	......
Peel Mills	37	......
Sheff. Refrshmt	98	......
Sindall (Wm.)	165	......

IRISH

Conv. 9% '80/82	£86⅝	......
Nat. 9¼% 84/89	£78⅝	−1⅞
Fin. 13% 97/02	£84¼	−3
Alliance Gas	68	+5
Arnott	388	......
Carroll (P.J.)	52	......
Clondalkin	186	......
Concrete Prods.	93	......
Heiton (Hldgs.)	34½xd	......
Ins. Corp.	208	......
Irish Ropes	55	......
Jacob	39½	......
T.M.G.	142	−5
Unidare	98xd	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	8	I.C.I.	32	Utd. Drapery	9
BOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.L.	45	Woolworths	6½
Babcock	12	Inveresk	5	**Property**	
Barclays Bank	30	Ladbroke	15	Brit. Land	7
Beecham	13	Legal & Gen.	14	Cap. Counties	9
Blue Circle	25	Lex Service	10	Land Secs.	25
Boots	17	Lloyds Bank	24	MEPC	17
Bowaters	16	"Lofs"	3½	Peachey	13
B.A.T.	25	London Brick	6	Samuel Props.	12
Brown (J.)	7	Lucas Inds.	20	Town & City	2
Burton 'A'	22	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	9	Brit. Petroleum	38
Courtaulds	8	Midland Bank	30	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	12
Distillers	21	Nat. West. Bank	32	KCA	11
Dunlop	5½	P & O Dfd.	9	Premier	12
Eagle Star	14	Plessey	16	Shell	35
F.N.F.C.	2½	Racal Elect.	20	Tricentrol	35
Gen. Accident	21	R.H.M.	4½	Ultramar	50
Gen. Electric	30	Rank Org.	18	**Mines**	
Glaxo	40	Reed Intnl.	17	Charter Cons.	18
Grand Met.	12	Sears	5½	Cons. Gold	52
G.U.S. 'A'	30	Tesco	7	Lonrho	12
Guardian	23	Thorn	25	Rio T. Zinc	35
G.K.N.	22	Trust Houses	14		
Hawker Sidd	16	Tube Invest.	27		
House of Fraser	12	Unilever	40		
		U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday February 29 1980

Defence overspending likely

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE MINISTRY of Defence and the Scottish Office are expected to spend above their cash limit ceilings in the current financial year. Any excess will be offset by a cut in their future expenditure allocations.

This was revealed last night when the Treasury published the spring supplementary estimates. These seek Parliamentary approval for an additional £837m, mainly to cover pay and price changes.

The Treasury said yesterday that this sum was within the spending plans in volume terms set out in last November's White Paper.

The increase is also within the cash limit totals announced last June, except for those on defence and certain Scottish services.

Consequently, this means no change in recent official estimates that public sector borrowing will approach £9bn in 1979-80.

The overspending on defence in 1979-80 is expected to be £64m, out of total provisions of £8.29bn for all defence activities, including accommodation.

This is the result of the rise in oil prices, higher than expected recruitment and uncertainty about receipts from sales of equipment to Iran.

The Ministry of Defence also overspent in 1978-79, and this year's budget was cut accordingly.

The defence budget has been subject of considerable wrangling between the Ministry of Defence and the Treasury, and this is one reason for the delay in the publication of the Defence White Paper.

The Government is committed to a 3 per cent rise in defence spending in real terms.

But the cost of military equipment and services is rising more rapidly than the general rate of inflation at a time when the Treasury is keen to apply tight cash limits across the board.

The overspending on certain Scottish services is expected to be about £6m, mainly because of a rise in the cost of trunk road schemes.

The full extent of any overspending will not be known until after the end of the financial year. The Treasury said yesterday that the excesses were being investigated and adjustments would be made to the 1980-81 expenditure allocations of the departments concerned in respect of any overspending.

The expected overspending means that total provisions sought to date on the main supply services, the bulk of total expenditure, already amount to 100.2 per cent of the announced cash limits, compared with 99.8 per cent at this stage last year.

The Treasury pointed out, however, that since the total amount actually spent during the year normally falls short of the total provision in the estimates, aggregate spending was expected to be within the total of cash limits.

Nevertheless, there is a clear upward pressure of spending against the tight cash limits in contrast to the sizeable underspending between 1976 and 1978. For example, in the first 10 months of 1979-80, expenditure on supply services was 2 per cent higher than would be consistent with last June's Budget estimates.

Industry's money needs rise steeply

By Peter Riddell, Economics Correspondent

THE AMOUNT of money required by industry to finance both the rising cost of its stocks of goods and materials and for fixed investment has risen sharply.

At a time when profit margins have been under pressure, the rise in stock values and investment has been one of the main reasons for the tightening financial squeeze on companies particularly in manufacturing. This has already been reflected in a sharp increase in bank lending to industry in recent months.

Figures published today in British Business, the weekly journal of the departments of Trade and Industry, show the increase in stocks and fixed investment at current prices. These indicate the financial pressures on industry and supplement the statistics in volume terms at constant 1975 prices published a week ago.

Stock values

The value of the stocks of the manufacturing and distributive sectors went up by £2.2bn between September and the end of December following a £2.06bn rise in the previous three months. The increase over last year as a whole was £8.29bn compared with £4.4bn in 1978.

The acceleration between the years was the result of the renewed surge in inflation notably in the cost of raw materials.

Fixed capital spending has also been a major and rising call on industry's financial resources. At current prices investment by manufacturing, distributive and service industries was £4.2bn between September and December, compared with £3.7bn in the previous three months. The 1979 total was £14.84bn, compared with £13.05bn in the previous year.

Liquidity

The result, especially of the rise in the cost of holding stocks, was a marked worsening in company liquidity. This is likely to have continued so far this year in view of the further rapid inflation and evidence of excess holdings of stocks.

Most economists expect these pressures to ease later this year as companies cut back on stocks and on fixed investment. This in turn should result in a slower growth in bank lending to industry.

The combination of sluggish profits growth and of these financial demands led to a rise in the net borrowing requirement of industrial and commercial companies from £2.46bn to £7bn between 1978 and last year, according to estimates by Confederation of British Industry economists. This indicates the amount by which these companies' spending on fixed assets, stocks, trade investment, acquisitions and net trade credit exceeds their internally generated funds.

THE LEX COLUMN

Ninian boost for ICI profits

In spite of a stagnant chemicals performance in the UK, ICI's profits have risen 33 per cent in 1979 to £560m. The growth is accounted for by a £95m turnround in oil, with the build-up of Ninian output from the second quarter, and a £34m improvement overseas. Earnings quality is low, with profits down from £223m in 1978 to £187m on the company's own current cost adjustment. However, adding in the gearing element puts current cost profits a little ahead at £257m against £253m, and means that the 23p total net dividend is just covered by real profits. The share price rose 10p to 400p yesterday, helped by a higher dividend than expected, to yield a little over eight per cent.

Chemical volume overall has risen by eight per cent in the year, with the UK unchanged and the rest of the world up 15 per cent or so. The loss on fibres has doubled from 1978's £13m with intensified import competition and organics and dyestuffs have also suffered. Against this petrochemicals and plastics have improved significantly. In the final quarter volume was sluggish and chemical margins were squeezed, mainly because it proved impossible to pass on fully the surge in naphtha prices.

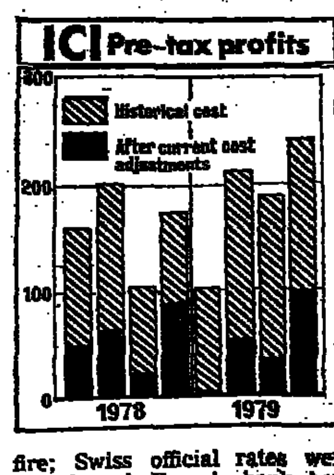
Apart from fibres and organics, there is still little sign of the long-awaited cyclical downturn, and output and order books are currently healthy. Nevertheless, demand is widely expected to soften within the next few months, particularly as the recent fall in the naphtha spot price takes pressure off customers buying early to beat prices rises. While ICI, with two-thirds of its naphtha securely sourced, will be better placed in the near term than many competitors, who are now tied to above spot short-term contracts, chemical profits could still be cut by up to £70m in 1980. This shortfall should be made up by a further expansion in oil profits, probably to about £150m. The oil cash is gratefully received when capital expenditure has peaked at £800m and working capital requirements are up £200m. But ICI must hurry to find other sources of cash flow before about 1984, when the Government's bite out of Ninian rises to 85 per cent.

Interest rates

The last few hours before the Bundesbank's central council meeting echoed to the sound of international monetary sniper fire; Swiss official rates were raised and French bank base rates rose for the second time in a week. This created the misleading impression that the German authorities, in lifting discount and Lombard rate by 1 and 1½ points repectively, were merely following international trends. It seems more likely that the Bundesbank's intentions had been signalled to other countries to give them time to take pre-emptive action.

Although German banks will have to pay more for their money, they will have increased access to rediscount facilities, which will compensate for the funds that the Bundesbank has taken out of the money market in support of the mark.

Index rose 8.7 to 469.1



Hawker Siddeley

Hawker Siddeley's strategic plans to reinvest its surplus cash and increase its exposure to the U.S. market are both advanced by its agreement to buy Fasco Industries, a private U.S. company making small electric motors, for $100m. The acquisition throws up a $62m goodwill element, some of which will be eliminated through a judicious asset revaluation, and the balance written off against Hawker's reserves.

Fasco's record of sales growth is good, although with increasing size — $113m last year — it has begun to slow. And pre-tax margins, 13.2 per cent in 1979, are highly satisfactory. Hawker likes the company's management, and claims that the business fits in well with its British and Australian interests.

In the short term, though, the company is vulnerable to a fall in U.S. consumer spending. In addition, although Fasco's motors are built to individual manufacturers' sp fications rather than b standard mass produc models, the spectre of Eastern imports inevit hangs over its sort of proc But Hawker has proved i an astute acquirer, and dese the benefit of the doubt.

If the deal goes thro Hawker's net cash position shrink to around £50m, c pared with £153m in December 1978 balance sh struck before Westingho Brake and Signal had been for. With U.S. and Bri interest rates at present lev Fasco will do well to cover cost of its acquisition in first year.

Vickers

Hawker Siddeley, with aircraft nationalisation com sation long since tucked u its belt, was back on acquisition trail yesterday. It was quite the opposite Vickers, still glumly waiting a settlement of its own cl on the nationalisation of shipbuilding and avi interests. Having disposed its offshore engineering side Vickers Canada within the 18 months or so, the group now decided that its R Vickers reprographics bus is no longer worth strugg with and it has been sol the French company CIT-Al for what could be £30m payable in instalments over next 14 months or so.

In the short term there obvious financial attraction the deal, which allowing Roneo Vickers' own over debt could mean a £40m provement in the group's indebtedness, while it is a bet that the post interest pr of the businesses being posed of were significa worse in 1979 than the £ recorded for the previous y For comparison, Vickers' solidated end-1979 net bor ings were probably a higher than the £93m show the last published bal sheet. Certainly the s market liked the deal, pus the share price up by 18p 144p, where the capitalisatio £63m.

On a longer term view, ever, the disposal is a h reminder that Vickers longer has the technological financial resources to sup businesses which need a product development and w face demand problems—the public sector cutbacks making conditions even m difficult for stencil duplica

Hawker to buy U.S. company

By John Moore

HAWKER SIDDELEY, the electrical and mechanical engineering group, is making its first major purchase of a U.S. company with a $100m (£43.9m) cash offer for Fasco Industries.

The main activity of Fasco, a privately-owned group incorporated in New York, is making small electrical motors for consumer and commercial products. It also makes and markets electrically-driven products for domestic and commercial premises and pressure and temperature controls.

Hawker said last night the move would broaden its range of products in the U.S. and enable Fasco to develop an export business.

In its last financial year, ended December 31, 1979, Fasco achieved profit before tax of $14.94m (£6.5m) on sales of $112.7m. After tax profit was $8.2m and the book value of net assets shown in the group's accounts stood at $38.6m.

Hawker said Fasco's range of motors complemented those produced by two Hawker subsidiaries, Brook Crompton Parkinson Motors in England and Crompton Parkinson (Australia).

On the London stock market Hawker Siddeley's shares yesterday rose 12p to close at 190p.

Schmidt praises hostages policy

BY JONATHAN CARR IN BONN

Herr Helmut Schmidt, West German Chancellor, has publicly eased friction with the U.S. before visiting Washington for talks with President Jimmy Carter.

In a major foreign policy speech yesterday Herr Schmidt praised Mr. Carter for his "extraordinarily statesmanlike" handling of the hostages affair in Tehran, and the U.S. nation for its courage and patience.

Bonn will, he said, increase its defence expenditure this year, as the U.S. has been urging, and support tightening western rules on the export of strategically important goods to the east.

The foreign policy debate followed pressure from the opposition Christian Democrats who feel the Government has not been giving enough support to U.S. measures against the Soviet Union over its intervention in Afghanistan.

Herr Schmidt's speech suggests that he will concentrate on prospects for marshalling the western allies to face the crisis when he meets Mr. Carter on Wednesday.

Herr Schmidt made the following main points:

● West German defence expenditure will rise by 3 per cent in real terms this year — in accordance with the target set for all NATO members is 1977. This is 1 per cent higher than had been planned. Extra military deliveries to Greece and Turkey will now be possible.

● Bonn will make a large contribution to the international economic and financial aid programme it is currently organising for Turkey. As a start, West Germany yesterday signed a DM 100m (£402.5m) aid accord with Ankara.

● The West Germans will take part in international efforts to increase aid to Pakistan, taking care not to upset the balance with neighbouring India.

● West Germany will not take up business with the Soviet Union which the U.S. drops because of Afghanistan. It will agree to tougher restrictions on the export of strategic goods.

Herr Schmidt warned against "wishful thinking" in connection with the Olympic Games—a broad hint that Bonn fears Soviet forces may not be out of Afghanistan by May and that a general Olympic boycott by Western nations will be unavoidable.

Soviet attitudes to Afghanistan, Page 2

Artificial protection attacked

By Terry Dodsworth in Paris

THE SPECTRE of a far-reaching trade war, embracing the world vehicle, shipbuilding and high technology industries, was raised yesterday by Viscount Etienne d'Avignon, European Industry Commissioner, in a strong attack on protectionist trends in the steel industry.

Viscount d'Avignon's comments, at a Paris conference arranged by the Organisation for Economic Co-operation and Development were clearly aimed at American steel industry representatives present in the wake of their threats to start anti-dumping procedures against European and Japanese producers.

He could speak with authority, he said, because the EEC manufacturers had borne the brunt of restructuring in the world steel industry during the last few years of crisis. Any action which created artificial protection in the steel industry ran the risk of undermining this reorganisation and could spill over into similar measures in other industries.

He went on to underline the seriousness of this warning by saying that protectionist measures affecting these four industrial categories would hit 60 per cent of the trade covered under the Tokyo Round negotiations.

Delegates included several representatives from the big U.S. steel companies, along with U.S. Commerce Department officials who have been heavily involved in trying to prevent a direct clash between the U.S. and European industries.

Although unwilling to speak openly, the U.S. steel companies have indicated that the key to the avoidance of anti-dumping moves may lie in establishing higher trigger prices on the steel being imported into the U.S.

A decision on this pricing system, which has the effect of hitting imports priced below an established figure, is expected next week.

But U.S. officials also made it clear that their industry itself faces a big reorganisation problem which can be undertaken satisfactorily only if U.S. companies are shielded from cheap imports.

These restructuring difficulties were stressed by Mr. Lewis Foy, chairman of the American Iron and Steel Institute, in a vigorous protest against what he called disruptive imports.

"It must be understood that our steel industry is presently suffering from the cumulative injury resulting from years of dumped and subsidised steel imports," he said.

"Our programme requires assurance that American producers will be able to recover from those injuries."

Iraq jails Briton for 20 years

BY OUR FOREIGN STAFF

MR. JOHN SMITH, the British businessman arrested last July in Baghdad, has been sentenced by the Iraqi authorities to 20 years' jail on charges of attempted bribery.

Hestair, his employer, said last night that it would continue to make every effort to obtain the early release of Mr. Smith. He is managing director of Hestair Dennis, its subsidiary, that manufactures specialist vehicles such as fire engines and refuse collecting lorries.

Mr. Smith was given consular access and represented by a lawyer engaged by the company, according to a brief statement from Hestair. It refrained from comment "in order not to jeopardise his position further," and none was immediately available from the Foreign Office.

Mr. Smith is the second UK businessman to be imprisoned by Iraq in the past year. Last May, Mr. Christopher Sparkes, the local Wimpey contracts manager, was jailed for life on charges of bribery and economic espionage. He is still in prison.

The British Government's efforts to obtain at least a reduction in the sentence appear so far to have made little impact on the uncompromising Baathist régime in Baghdad.

Lord Carrington made a plea on Mr. Sparkes's behalf when he passed through Baghdad last July. A few days later, Mr. Smith was arrested.

Continued from Page 1

Interest rates

outflow of long-term capital from West Germany of some DM2.5bn (£600m) in January.

The decision had not been easy, said Herr Pöhl, but it was vital that the Bundesbank showed clearly that it stood by its proven policy of maintaining economic stability. "The Deutschemark must still be seen in the future as a hard currency."

Since the beginning of January the value of the D-mark against the U.S. dollar has fallen from about DM1.71 to DM1.76. The dollar closed yesterday in Frankfurt at DM1.7610.

With the current account of the balance of payments falling further into deficit—the Bundesbank thought that measures to raise interest rates could no longer be delayed.

Herr Pöhl acknowledged that with rising inflationary pressures — the interest rate increases could give rise to worries about further expansion of economic activity. — wholesale prices were up by 11 per cent in January

Continued from Page 1

Roneo

systems, CIT-Alcatel is clearly in a position to supply the necessary expertise.

M. Georges Pébéreau, managing-director of CIT-Alcatel and its parent company, Compagnie Générale d'Eléctricité, said yesterday that acquisition of Roneo Vickers' activities would provide a stimulus to his company's planned expansion into office equipment.

Last year, CIT - Alcatel acquired Friden, the U.S. mailing equipment manufacturer.

Weather

UK TODAY

MAINLY dry, bright intervals. Temperatures near or above normal.

London, most of England, Wales, Channel Islands
Mainly dry. Mild. Max. 10C (50F).

N.E. England, Lake District, Isle of Man, N. Ireland, Scotland, Orkney, Shetland
Occasional rain, mainly dry later. Max. 9C (48F).

Outlook: Sunny intervals. Becoming cold in north and east.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	14	57	L. Plms.	C	18	64
Algiers	F	15	59	Lisbon	S	13	55
Amsdm.	C	5	41	Locarno	S	8	46
Athens	C	8	46	London	S	9	48
Bahrain	S	26	79	Luxmbg.	C	0	32
Barclna.	S	13	55	Madrid	S	9	48
Beirut	C	15	59	Majorca	S	14	57
Belfast	C	8	46	Malaga	C	16	61
Belgrd.	C	1	34	Malta	C	12	54
Berlin	C	−2	28	Mchstr.	C	4	39
Biarritz	C	9	48	Melbne.	S	21	70
Bmghm.	F	5	41	Milan	S	9	48
Blackp'l	C	7	45	M'ntreal	S	−13	8
Bordx.	C	6	43	Moscow	C	−3	27
Boulgn.	C	5	41	Munich	S	1	34
Bristol	F	7	45	Nairobi	S	25	77
Brussels	C	3	37	Naples	S	12	54
Budpst.	F	2	36	Nwcstl.	C	8	46
B. Aires	S	33	92	N. York	C	−2	28
Cairo	S	17	62	Nice	S	15	59
Cardiff	F	8	46	Nicosia	C	9	48
Cas'b'ca	S	16	61	Oporto	S	13	55
Cape T.	S	24	75	Oslo	S	0	32
Chicago	S	−2	28	Paris	C	3	37
Cologne	C	3	37	Perth	S	30	86
Cpnhgn.	C	−1	30	Prague	C	−4	25
Corfu	F	12	54	Reykjvk.	Sn	0	32
Dublin	C	8	46	Rhodes	S	12	54
Dbrvnk.	S	8	46	Rio J'o	S	30	86
Ednbgh.	C	9	48	Rome	S	14	57
Faro	C	15	59	Salzb'g	S	6	43
Florence	S	13	55	Singapr.	S	30	86
Frankf't	C	1	34	Stckhm.	C	−6	21
Funchal	F	15	59	Strasb'g	C	0	32
Genova	S	4	39	Sydney	S	25	77
Gibrltr.	C	15	59	Tangier	S	17	63
Glasgow	C	8	46	Tehran	R	3	38
G'rnsey	C	6	43	Tenerife	C	12	54
Helsinki	R	−2	28	Tokyo	R	3	37
H. Kong	S	17	62	Toronto	S	−15	5
Innsbr'k	F	7	45	Tunis	F	15	59
Invrnss.	C	8	46	Valencia	S	13	55
I.o.Man	C	7	45	Venice	S	8	46
Istanbul	C	2	36	Vienna	C	−2	28
Jersey	C	7	45	Warsaw	C	−3	27
Jo'burg	C	70	21	Zurich	C	1	34

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

West Bank settlements to grow

BY DAVID LENNON IN TEL AVIV

ISRAEL plans a major expansion this year of the Jewish settlements on the occupied West Bank. They will be occupied by members of the ultra-nationalist Gush Emunim (block of the faithful) movement, it was revealed yesterday.

The decision appears to conflict with the intent of Israel's current negotiations with Egypt on the future of the occupied territory.

It could also complicate seriously Israel's ties with the White House at a time when its pressure may be needed to break the deadlock over West Bank autonomy.

The expense involved in the new settlement also seems in contrast with the Israeli Treasury's efforts to cut Government spending in the coming fiscal year.

Despite major cuts in the budget allocations for social welfare and slum clearance, the sum set aside for settlement in the West Bank has been increased by 15 per cent in real terms.

The 1980-81 budget—tabled in Parliament this week—allocates 300m Israeli Shekels (£33m) for settlement

The bulk of that is for expanding settlements established on the West Bank over the past two years by Gush Emunim, whose members have at times defied the Government by their insistence on settling in areas densely populated by Palestinians.

Seven of the nine settlements desctined for expansion in the housing and agriculture budgetary allocations belong to Gush Emunim.

The other two recipients are communal centres where the bulk of the settlers are also highly nationalistic.

Settlement budgets are often hard to discern as they are hidden under various clauses within the budgets of these two ministeries. But it appears that the Government plans to begin building 1,600 houses in the Jewish settlements on the West Bank in the 1980-81 fiscal year.

There does not appear to be any allocation for the creation of new settlements in the coming fiscal year. But this could be deceptive.

For the figures reveal that the Government plans this year to start building 500 homes at the planned Jewish urban centre of Maaleh Adumim, which currently has only 50 homes for settlers.

Money has been allocated for construction of 200 more apartments at Kiryat Arba, the controversial new Jewish suburb of Hebron.

Even more dramatic is the budgetary provision for construction of 500 homes at Maaleh Adumim, East of Jerusalem, where there are now only 50 homes.

The Government has long planned to convert Maaleh Adumim from a precarious desert settlement into a major urban unit designed to be part of the outer ring of Jewish housing aimed at physically cutting off Arab Jerusalem's 100,000 inhabitants from the rest of the West Bank.

The budget also provides for a minor expansion of the Jewish settlements on the Golan Heights.

No money has been set aside in the budget for Jewish settlement in the Gaza Strip.

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